

Report to the General Assembly

January 1994

A Management Review of South Carolina State University



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A Management Review of South Carolina State University

In March 1992, members of the General Assembly, who were concerned about allegations of mismanagement at South Carolina State University (SCSU), requested that we audit the university. In this audit, we generally examined management decisions and practices of the previous president, who resigned in 1992. In January 1993, the current president began her tenure at the university.

In some areas we were asked to review, we did not find significant problems and have made no recommendations. However, we found problems in other areas that impact the university's operations. Insufficient management controls in several aspects of the university's business operations increase the likelihood of theft or misuse of university funds and resources. Overall, the university should institute sound business practices and management controls.

Some of the problems we identified may not be isolated to South Carolina State University. In previous audits of state universities, we identified similar problems in spending practices, admissions and university-foundation relationships. However, we did not examine the extent to which other colleges and universities collected debts, hired qualified graduate students, administered scholarships or managed other resources, as we have done at SCSU.

The findings in each major chapter of our audit are summarized below.



Management of Business and Finance

From 1985 through June 1993, university students have accumulated more than \$1.7 million in unpaid debts for tuition, fees and other charges, but management has done little to collect these debts. Debts have increased because staff have allowed students to enroll in the

university without paying tuition, fees or other charges, although this is against university policy.

Without required board approval, the university has allowed students to sign promissory notes to defer the payment of tuition and fees. From fall 1986 to spring 1993, the university accepted at least \$3.5 million in promissory notes without board approval and has not monitored these notes to ensure that they are paid.

The university has not collected approximately \$34,000 of debts owed by faculty and staff. One professor did not pay rent on a university-owned home for approximately four years, and owed the university more than \$10,000 until May 1993 when repayment was arranged.

The university's food services division provides food, beverages and other services for private events, such as wedding receptions and parties. The university may not have legal authority to provide these services. In addition, the university has not kept adequate records to determine if customers have paid their bills.

The university spends revenue derived from laundromats and vending machines at the discretion of management. Some expenditures for parties, receptions, dinners, employee bonuses and other items may have violated state law.

The university has not maintained an "arm's length" relationship with private organizations associated with the university. The university has not charged the SCSU Educational Foundation for using university personnel, computer time, office space and other items. An attorney general's opinion stated that a university does not have the authority to provide public funds to a private foundation.

The university has not maintained proper control over its equipment inventory. In a sample of 145 items, we could not locate 32 (22%) items, which cost \$65,759.



Academic Administration

Excluding applicants accepted into a special program at the university, 38% of persons accepted for admission in fall 1993 did not have the required SAT/ACT scores or did not have all high school course prerequisites. Applicant files did not specify compensating factors or criteria to justify accepting these applicants.

Scholarships have not always been awarded in accordance with their criteria. In a sample of 108 scholarship recipient records, we found that 33 (31%) recipients did not meet the requirements for the scholarships they received.

The university's standards for academic probation and suspension have not been enforced consistently. From a sample of 174 students who were potentially subject to probation or suspension, we found that 39 (22%) were not given the academic status required by university policy.

The university's policy on deadlines for changing student grades is unclear. In addition, 10% of incompletes, which are awarded for courses not completed, were changed to a letter grade after the deadline for making changes.



Personnel Management

Some SCSU faculty and staff work second jobs at the university for additional pay. However, these employees, serving in dual employment positions, have not been hired in accordance with state rules and regulations. In addition, we could not determine from the university's records whether some employees' second jobs differed from their regular jobs, as required by state law.

Temporary employees have been employed for periods of time longer than allowed by state law.

We found that 19 (37%) of 52 graduate assistants did not meet the university's standards for employment as graduate assistants. Some were not fully admitted to graduate school and some did not meet academic standards. Three top-level employees hired by the previous president did not meet minimum job qualifications for the positions they held.

We found no evidence that the board acted inappropriately in awarding a financial settlement to a vice president upon his resignation in 1990.



Campus Police

The campus police department uses inconsistent methods for documenting its response time to calls for police assistance.

The campus police department has inadequate controls for keeping track of confiscated property. Property is not consistently tagged and inventoried.

The university has not adequately collected parking fines assessed by the campus police. The university was unable to provide adequate documentation to show what portion of the \$114,533 in tickets issued in 1992 had been paid.

South Carolina State University's response to our audit begins on page 75.

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Report to the General Assembly

**A Management Review
of South Carolina
State University**

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Executive Summary

In March 1992, members of the General Assembly, who were concerned about allegations of mismanagement at South Carolina State University (SCSU), requested that we audit the university. In this audit, we generally examined management decisions and practices of the previous president, who resigned in 1992. In January 1993, the current president began her tenure at the university.

In some areas we were asked to review, we did not find significant problems and have made no recommendations. However, we found problems in other areas that impact the university's operations. Insufficient management controls in several aspects of the university's business operations increase the likelihood of theft or misuse of university funds and resources. Overall, the university should institute sound business practices and management controls.

Some of the problems we identified may not be isolated to South Carolina State University. In previous audits of state universities, we identified similar problems in spending practices, admissions and university-foundation relationships. However, we did not examine the extent to which other colleges and universities collected debts, hired qualified graduate students, administered scholarships or managed other resources, as we have done at SCSU.

The findings in each of the broad areas of our review are summarized as follows.

Management of Business and Finance

From 1985 through June 1993, university students have accumulated more than \$1.7 million in unpaid debts for tuition, fees and other charges, but management has done little to collect these debts. Debts have increased because staff have allowed students to enroll in the university without paying tuition, fees or other charges, although this is against university policy. For example, one student accumulated debts over three semesters totaling \$6,000 (see p. 7).

Without required board approval, the university has allowed students to sign promissory notes to defer the payment of tuition and fees. From fall 1986 to spring 1993, the university accepted at least \$3.5 million in promissory notes without board approval and has not monitored these notes to ensure that they are paid (see p. 8).

The university has not collected approximately \$34,000 of debts owed by faculty and staff. One professor did not pay rent on a university-owned home for approximately four years, and owed the university more than \$10,000 until May 1993 when repayment was arranged (see p. 11).

The university's food services division provides food, beverages and other services for private events, such as wedding receptions and parties. The university may not have legal authority to provide these services. In addition, the university has not kept adequate records to determine if customers have paid their bills. For example, in 1992, a university employee received food and beverages costing \$1,198 for a family reunion. We could find no evidence that this bill was paid (see p. 15).

The university spends revenue derived from laundromats and vending machines at the discretion of management. Some expenditures for parties, receptions, dinners and employee bonuses may have violated state law (see p. 21).

The university has not maintained an "arm's length" relationship with private organizations associated with the university. The university has not charged the SCSU Educational Foundation for using university personnel, computer time, office space and other items. An attorney general's opinion stated that a university does not have the authority to provide public funds to a private foundation (see p. 26).

The university has not maintained proper control over its equipment inventory. In a sample of 145 items, we could not locate 32 (22%) items, which cost \$65,759. In addition, we found 41 items which were not "tagged" with a university identification number (see p. 28).

Academic Administration

Excluding applicants accepted into a special program at the university, 38% of persons accepted for admission in fall 1993 did not have the required SAT/ACT scores or did not have all high school course prerequisites. There may have been compensating factors or criteria which justified accepting these applicants. However, applicant files did not specify the compensating factors or criteria (see p. 35).

Scholarships have not always been awarded in accordance with their criteria. In a sample of 108 scholarship recipient records, we found that 33 (31%) recipients did not meet the requirements for the scholarships they received.

For example, one student, who scored 640 on the SAT, received a scholarship which required a minimum SAT score of 1000 (see p. 38).

The university's standards for academic probation and suspension have not been enforced consistently. From a sample of 174 students who were potentially subject to probation or suspension, we found that 39 (22%) were not given the academic status required by university policy (see p. 39).

The university's policy on deadlines for changing student grades is unclear. In addition, 10% of incompletes, which are awarded for courses not completed, were changed to a letter grade after the deadline for making changes had passed (see p. 42).

Personnel Management

Some SCSU faculty and staff work second jobs at the university for additional pay. However, these employees, serving in dual employment positions, have not been hired in accordance with state rules and regulations. In addition, we could not determine from the university's records whether some employees' second jobs differed from their regular jobs, as required by state law (see p. 45).

Temporary employees have been employed for periods of time longer than allowed by state law (see p. 48).

We found that 19 (37%) of 52 graduate assistants did not meet the university's standards for employment as graduate assistants. Some were not fully admitted to graduate school and some did not meet academic standards (see p. 50).

Three top-level employees hired by the previous president did not meet minimum job qualifications for the positions they held (see p. 52).

We found no evidence that the board acted inappropriately in awarding a financial settlement to a vice president upon his resignation in 1990 (see p. 54).

Campus Police

The campus police department uses inconsistent methods for documenting its response time to calls for police assistance (see p. 55).

The campus police department has inadequate controls for keeping track of confiscated property. Property is not consistently tagged and inventoried (see p. 57).

The university has not adequately collected parking fines assessed by the campus police. The university was not able to provide adequate documentation to show what portion of \$114,533 in tickets issued in 1992 had been paid (see p. 58).

Introduction and Background

Audit Objectives

Members of the South Carolina General Assembly requested that we conduct a management review of South Carolina State University (SCSU). They requested that we review specific allegations directed toward the university. These included concerns about financial mismanagement, improper admissions, inappropriate personnel practices and inadequate campus police protection.

We conducted survey work at the university and consulted with the audit requestors to clarify the issues and define specific audit objectives. The 27 objectives which resulted from this process fell into four general categories: management of business and finance, academic administration, personnel management and campus police. Our objectives (with references to discussion of our findings) were as follows:

Management of Business and Finance

- 1 Determine if SCSU is adequately collecting debts owed the university (see p. 7).
- 2 Determine if the university adequately charges, bills and collects for events catered by food services (see p. 15).
- 3 Determine if the university is making adequate efforts to collect checks returned for insufficient funds (see p. 18).
- 4 Determine how the university spends discretionary funds (see p. 21).
- 5 Determine if foundation funds have been spent to benefit the university (see p. 26).
- 6 Determine if SCSU maintains proper control over its inventory (see p. 28).
- 7 Determine if SCSU has adequate controls over the sale of tickets for athletic and other events (see p. 29).
- 8 Determine if conflicts of interest existed in SCSU's purchases of property (see p. 31).

- 9 Determine if the university recouped the cost of a private wedding reception held at the president's on-campus home (see p. 32).
- 10 Determine if SCSU submits timely and accurate reports to the Commission on Higher Education (see p. 33).

Academic Administration

- 11 Determine if the university admits students in accordance with its policies (see p. 35).
- 12 Determine if student athlete files properly document the eligibility requirements for admissions (see p. 37).
- 13 Determine how scholarships are awarded (see p. 38).
- 14 Determine if the university enforces its academic disciplinary policies (see p. 39).
- 15 Determine if student grade changes have been made in accordance with SCSU policy (see p. 42).

Personnel Management

- 16 Determine if faculty and staff who have dual employment have been hired in compliance with state rules and regulations (see p. 45).
- 17 Determine if temporary employees have been employed in accordance with state law (see p. 48).
- 18 Determine if SCSU has policies to ensure that qualified graduate assistants are hired (see p. 50).
- 19 Review qualifications of the top-level employees hired by the previous president (see p. 52).
- 20 Determine if a professor who lives out-of-state was improperly employed to teach (see p. 53).
- 21 Determine if the chief of campus police was properly certified when hired (see p. 53).

- 22 Determine the propriety of paying a former university official \$28,000 upon his resignation (see p. 54).
- 23 Determine if certain employees falsified employment qualifications (see p. 54).

Campus Police

- 24 Determine if the response time of campus police is sufficient (see p. 55).
- 25 Determine if the campus police department adequately patrols the campus (see p. 56).
- 26 Determine if the campus police department adequately accounts for confiscated property (see p. 57).
- 27 Determine if internal controls for the collection of parking fines and fees are adequate (see p. 58).

Scope and Methodology

This audit primarily focused on management practices of the university's previous administration and excluded a review of academic programs.

To conduct this audit, we examined financial records maintained by the school. We reviewed records of debts owed to the university, student promissory notes, returned checks, revenue and expenditure records, foundation records and inventory records. In addition, we examined personnel records, reports filed with the Commission on Higher Education, admissions records, scholarship recipient records, food services records, real estate records and student academic records. The period of review varied with specific objectives, but generally we obtained data from FY 89-90 to June 1993. When reviewing student debts, we examined records beginning with 1985.

We conducted interviews with university officials and officials with other state government agencies. We reviewed university internal audit reports and internal studies, state audit reports and state procurement audits.

The primary criteria we used to assess university management were state laws and regulations, university policies and procedures, attorney general opinions and ethics commission opinions.

We tested several major internal controls at the university. These internal controls pertained to debt collections, inventory control, tickets sold for athletic events, hiring of dual employees and graduate assistants, admission of students, awarding of scholarships, and academic disciplinary action.

We used statistical sampling techniques to review efforts to collect student debts, the collection of returned checks, scholarship recipient files, dual employment records and the employment of temporary personnel. We generally determined our sample sizes based on confidence levels of 90%, and precision levels of plus or minus 5%. To achieve our audit objectives, we relied on some computer-processed data from the university's financial system, scholarship records and personnel system which we concluded could be unreliable. However, when this data was viewed in context with other relevant evidence, we believe the opinions, conclusions and recommendations in this report are valid.

This audit was conducted in accordance with generally accepted government auditing standards.

Background and History

South Carolina State University, located in Orangeburg, was originally established in 1872 in compliance with the first Morrill Act of 1862. It was named South Carolina State Agricultural and Mechanical Institute and existed with Claflin College. To comply with the second Morrill Act of 1890, the college was separated from Claflin College. In 1954, the General Assembly changed the name to South Carolina State College and in February 1992, the name was changed to South Carolina State University.

The university provides both undergraduate and graduate programs. Undergraduate students can earn a bachelor of arts or bachelor of science degree in the following areas: engineering technology, agribusiness, home economics, human services, health sciences, education, business and arts and sciences. Graduate students can obtain a master's degree in fields such as teaching, human services and agribusiness. In addition, the university offers a doctoral program in educational administration.

The university also provides community services through programs related to agriculture, adult and continuing education, research and reference and resource areas.

The university is governed by a board of 13 members. Twelve are elected by the General Assembly. The Governor or his designee is the 13th member. The university is supported by appropriations from the General Assembly, as well as student tuition and fees, and federal and other funds. The university's total budget for FY 92-93 was \$43 million, of which \$18.9 million was state general funds. The university was allocated a staff of 787 full-time equivalents (FTEs) for FY 92-93. Approximately 5,000 students were enrolled in school year 1991-92.

Chapter 1
Introduction and Background

Management of Business and Finance

The university's office of business and finance has not implemented sound business practices in many areas and has not followed university policies in other areas. A significant amount of debt owed the university has not been collected. Poor business practices increase the likelihood of theft, embezzlement and misuse of state resources.

Debts Owed to the University

One of our objectives was to determine if South Carolina State University is adequately collecting debts from students, employees and contractors.

As of June 1993, university records indicated that students owed the university \$1.7 million. Students have incurred debts for fines, parking tickets, tuition and other fees. The amount of funds owed has increased because management has not enforced debt collection (see Table 2.1).

Table 2.1: Analysis of Student Debts

Date	Outstanding Student Debts
June 30, 1985	\$334,051
June 30, 1986	\$333,501
June 30, 1987	\$604,244
June 30, 1988	\$579,226
June 30, 1989	\$719,631
June 30, 1990	\$1,031,478
June 28, 1991	\$1,389,046
June 30, 1992	\$1,531,164
June 30, 1993	\$1,743,719

Source: South Carolina State University.

SCSU has not followed its policies regarding debt collection, and additional policies to strengthen enforcement are needed. Further, without authorization, staff have allowed students to sign promissory notes to defer the payment of tuition and fees. These issues are discussed below.

Reliability of Student Debt Records

We found evidence that the university's student accounts receivable records, which indicate that students owed \$1.7 million as of June 1993, are incomplete and unreliable. University management has allowed students to sign promissory notes to defer the payment of debts, but these debts were not consistently recorded on the accounts receivable records. For example, one student signed a promissory note to defer \$1,888 in tuition and fees. We could not find where this student's debt was recorded in the university's financial records or evidence that this debt was paid. Our sample indicated that 11% of the deferments were not recorded on the university's accounts receivable records.

Deferment of Student Fees

Without board approval, university management has allowed students to defer the payment of tuition, fees and other charges. Between fall 1986 and spring 1993, university management approved at least 3,800 student promissory notes totaling \$3.5 million. The university has not monitored these notes to ensure that they were paid as required by the notes' terms. Furthermore, we could not determine the extent to which these debts have been paid or were recorded on the university's accounts receivable records.

Between fall 1986 and spring 1993, the university deferred payment of at least \$3.5 million in student fees.

We reviewed university financial records to determine if promissory notes were paid as required by the terms of the notes. In 33 (50%) of the 66 cases reviewed, we were either unable to identify if payments were made as specified on the agreements or could not find evidence that the agreements were recorded on the accounts receivable system. In addition, no staff are assigned to monitor the collection of promissory notes.

Sections 59-107-20 and 59-107-30 of the South Carolina Code of Laws specify that the boards of trustees of state colleges and universities are responsible for establishing the conditions under which tuition and related fees are to be paid (excluding summer terms or special sessions) with approval of the State Budget and Control Board.

We could find no evidence that SCSU's board of trustees has approved a policy authorizing a payment plan for student fees.

Examples of tuition deferments negotiated by the university without the approval of the board of trustees are as follows:

- In December 1992, SCSU requested that the tax commission garnish the tax refund of a student who had not paid outstanding debts. Nevertheless, in spring 1993, the university still allowed this student to sign a promissory note to defer \$2,577 incurred in previous terms. A \$75 refund was credited from the tax commission. As of October 1993, the student had not paid on the account.
- A promissory agreement for \$5,285 was approved in the spring 1993 semester for a student who was already indebted to the university for \$3,100. The agreement included the amount of the previous debt. As of October 1993, the balance on the account was approximately \$5,300 (including a \$25 late fee).
- A student who owed \$3,100 was allowed to enroll for the spring 1993 semester. The student signed a promissory note in spring 1993 for \$5,661 which included the previous debt. As of October 1993, the balance on this account was approximately \$5,300.

According to university officials, promissory notes were primarily implemented as a short-term solution to allow students with pending financial aid to register. However, our review showed that students with debts incurred for an extended period of time (generally in excess of a semester) have been approved for deferred payment.

Student Debt Collection

From the university's accounts receivable records, we conducted a random sample of 137 of 515 student debts of \$1,000 or more. In 117 (85%) of the student files reviewed, we found no evidence that the university had made any attempts to collect these debts.

In the remaining 20 (15%) cases we reviewed, the university requested the South Carolina Tax Commission to garnish the income tax refund of the students. As authorized by state law, the tax commission will garnish any tax refunds due students with outstanding debts and provide the university with the revenue.

The university has allowed students with outstanding debts to remain enrolled, although university policy requires students with outstanding debts to be denied admission to classes.

We found that 83 (61%) of the 137 students with debts were enrolled at SCSU for at least two semesters. Of the 83 students, 66 (80%) were allowed to register while owing debts from a previous semester to the university.

University policy states:

All expenses for the semester, including fees, room and board, *must* be paid before or at the beginning of each semester as a condition of admission to class No student will have any privileges in classes or laboratories until all fees and expenses have been settled.

Examples of students who enrolled in classes in violation of the university's policy follow:

- A student enrolled for three semesters accumulated debts totaling approximately \$6,000. One payment of \$35 was made during the second semester of enrollment. In October 1993, the balance of the debt had not changed.
- A student who was enrolled for at least three semesters, the last in the fall 1991 semester, owed the university approximately \$4,700. In October 1993, a balance of approximately \$4,800 remained on the account.
- A student who incurred a debt of approximately \$2,000 in the fall 1991 semester enrolled in the fall 1992 semester without paying the debt. The student had additional charges of approximately \$1,100 in the fall 1992 semester. The student owed approximately \$3,100 to the university as of October 1993.
- One student registered seven consecutive terms (spring 1990 to spring 1992) and in the fall 1993 with outstanding debts. Debts incurred by this student ranged from \$293 to \$1,275 per semester. University records indicate that this student owed the university approximately \$2,600 as of October 1993.

Furthermore, the university has no policy regarding when the tax commission or collection agencies will be used to assist in collection of debts. The university established a collections office in 1987. However, with the

exception of collection for returned checks, and forwarding of names to the tax commission, this office is responsible only for the collection of funds owed to the federal government for student loans.

During our review (March 1993), the university submitted the names of approximately 200 continuing education students, who owed \$127,000, to a private collections agency. As of May 1993, approximately \$40,000 (31%) had been collected. In July 1993, the agency informed the university that it had used all available resources to collect the debts and requested approval to pursue additional collection action. As of September 1993, the university had not responded to the agency's request.

Employee Debts

We examined the university's efforts to collect debts owed by its employees. We found no evidence that the university, prior to May 1993, attempted to collect employee debts.

As of June 1993, employees and former employees who incurred debts prior to the termination of their employment owed the university approximately \$34,000. These debts generally included college fees and faculty/staff rent (see Table 2.2).

**Table 2.2: Analysis of SCSU
Employee Debts as of June 1993**

Type Debt	Total
College Fees	\$6,737
Tuition	445
Rent/Board	25,177
Other Charges ^a	1,876
Total	\$34,235

^a Charges such as library and traffic fines. This total does not include all employee traffic fines since these fines may not be recorded on the school's accounts receivable system (see p. 58).

Source: South Carolina State University financial records.

A faculty member had not paid approximately \$10,000 in rent on his university-owned home.

The following are examples of the debts owed SCSU by current and former employees:

- A faculty member owed rent on his university-owned home totaling approximately \$10,000. According to his employment contracts, rent was to be deducted from the employee's salary. However, rent was not deducted from 1989 (when he was hired) to June 1993. In May 1993, the university made payment arrangements with this employee which specified that payroll deduction for the current monthly rent would begin in July 1993. In addition, \$100 would be deducted semi-monthly for the outstanding rental debt.
- A temporary employee whose work assignment ended in July 1991 owed charges generally for tuition and college fees totaling \$2,404 incurred during the employee's work assignment. This employee registered as a student in the fall 1990 semester with outstanding debts of approximately \$1,400. Following the fall semester, the employee owed an additional \$1,002.
- A permanent employee who owed \$552 for tuition and college fees during the fall 1992 semester had made no payment to the university as of June 1993. We found no documentation indicating that the university has tried to collect this debt.

Employee debts have not been paid because the university has not used all resources available for collection. For example, the university has not attempted to have the employees' state income tax refunds garnished or sought assistance from outside collection agencies. In addition, allowing employees to register without payment of fees is not legal without board approval (see p. 8).

The university has not developed policies regarding the collection of employee debts. Therefore, university management's responsibilities in collecting employee debts are unclear.

Contractor's Debt

As of August 1993, we could find only one contractor indebted to SCSU. This contractor contracted with SCSU in August 1989 to provide campus vending machine services. According to university records, he owed approximately \$68,000 (including interest) as of February 1993.

A contract between the university and the contractor specified that in return for the right to operate vending machines on campus, the contractor was to make periodic payments to the university totaling \$67,000 per year and to sponsor two annual scholarships totaling \$3,000. Although the contract was originally scheduled to end in August 1994, SCSU terminated the contract in May 1992 because the contractor had not made the required payments. Table 2.3 shows how the contractor's debt grew because he did not make the required payments for providing services.

**Table 2.3: Schedule of Increases
In Contractor's Debt**

Date	Amount Owed ^a
February 1990	\$18,333
August 1990	27,500
February 1991	45,833
August 1991	63,331
February 1992	69,379
May 1992	63,981
February 1993	68,373

- ^a This table shows the contractor's cumulative debt following the execution of the contract with SCSU. Interim payments and interest are included in the amount owed.

Source: South Carolina State University.

SCSU first attempted to collect this debt on June 15, 1992. On at least six occasions between June 1992 and April 1993, SCSU's attorney wrote to the contractor seeking collection. In five of the six letters to the contractor, the university stated that it would take legal action to collect the debt. In July 1992, the university informed the contractor:

If the total sum has not been forwarded by this date [August 17, 1992] the university will pursue all available legal resources to collect this sum.

In November 1992 (after requesting payment four times), the university requested and received authorization from the attorney general's office to pursue legal action. In August 1993, the attorney general's office approved payment arrangements for the hiring of a specific firm. As of September 1993, the contractor had not made payment and legal action had not been taken.

SCSU has not developed a policy for collection of all debts. A university official stated that the debt with this contractor is unique and a policy for collection of contractor debts has not been necessary in the past.

According to the university's legal counsel, the university has been trying to settle the debt without litigation, since litigation would be costly. However, the contractor has demonstrated unwillingness to pay and legal action could assist in settling this debt.

Conclusion

The university has not implemented sound policies regarding the collection of debts and has not complied with policies in place. In addition, staff have implemented practices which violate state law. These practices have contributed to the increasing amount of funds owed the university. When the university does not use all resources available to collect debts, there are fewer funds available for university programs.

Recommendations

- 1 South Carolina State University should discontinue allowing students to sign promissory notes to defer the payment of student fees and charges. If this practice is continued, the university's board of trustees should enact policies governing when promissory notes can be accepted. In addition, the university should ensure that promissory notes are accurately recorded on accounts receivable records.
- 2 South Carolina State University should enforce its policy requiring students to pay all debts before they are allowed to enroll in classes.
- 3 South Carolina State University should develop and implement policies regarding the collection of all debts to ensure the timely payment of funds owed.

- 4 South Carolina State University should take legal action as authorized by the attorney general to collect funds owed by contractors.
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Food Prepared and Sold by SCSU for Private Events

The university's food services division prepares and sells food and beverages for private events such as wedding receptions, family reunions, parties and holiday meals. In addition, food is served at university-related events such as staff meetings, alumni meetings and receptions. In FY 91-92 and FY 92-93, the food services division sold food for 1,983 private and university events, charging a total of \$499,459. Our review found the following problems.

Financial Records Not Maintained

The university has not maintained adequate records to determine if charges for food for private events are paid. Based on food services records, \$114,063 was charged for private events in FY 91-92 and FY 92-93; however, we could find no documentation that \$58,193 (51%) was paid. For example, we could find no evidence that \$5,570 in charges for food and beverages for three wedding receptions were paid. Also, we could find no evidence that an SCSU employee paid \$667 owed for five different personal events. Another university employee was billed \$1,198 for a family reunion held in July 1992, and we found no evidence of payment.

Based on food services records, \$114,063 was charged for private events in FY 91-92 and FY 92-93; however, we could find no documentation that \$58,193 (51%) was paid.

An additional \$385,396 was charged during this two-year period for university-related events such as staff meetings and university receptions. We did not review university records to determine how much of that amount was transferred to the food services division to pay for these debts.

The food services division sends bills for food and beverages for private events to the university's accounts receivable department. The accounts receivable department sends the bills to the individuals who requested food for the event. However, accounts receivable does not keep a copy of the bill or record the charges into its computer system. Therefore, there is no system for accounts receivable to determine if bills have been paid. When bills are paid, they are recorded in a food services revenue account.

According to the university's *Operations Manual for Business and Finance*, the accounts receivable department is responsible for maintaining records of debts owed the university for providing food for private events. A university

internal review, conducted in 1991, found that the accounts receivable department did not have a system for ensuring that food charges for private events are paid. Findings of this report have not been corrected.

Without a system for recording and collecting bills, it is less likely that charges will be paid. In addition, there is a greater potential for theft of university funds.

Determining Charges for Food

The food services division does not have a formal method for calculating prices it charges for food and beverages sold for private events. The director of food services stated that, based on the menu, he generally charges three to four times the cost of the meat. This pricing structure does not necessarily ensure that charges are established to recoup the cost of food, labor, utilities and other overhead. Although we did not analyze records to determine if the university was recovering its costs, we found that the prices charged were relatively low compared to prices charged by private vendors.

In July 1993, we contacted three private food service vendors in Orangeburg to determine the prices for the same menu as one prepared by SCSU in December 1992 (meatballs, drummettes, sandwiches, nuts, cookies, punch, fruit and vegetable tray). The SCSU meal was provided on a carry-out basis. For a reception for 75 people, the university charged less than one-half of the amounts charged by the nearest competitors we surveyed (see Table 2.4).

Table 2.4: Comparison of Charges for Food Services Provided for 75 Persons

	Total Charge	Charge Per Person
South Carolina State University	\$209	\$2.79
Private Vendor A	\$480	\$6.40 ^a
Private Vendor B	\$497	\$6.63
Private Vendor C	\$450	\$6.00

^a This vendor does not prepare food for carry out. There is no charge for the room for this menu, and the cost of any servers would be considered included in this price.

Without a formal system for ensuring that all costs are recovered, the university might be subsidizing the costs of providing food and beverages for non-university, private events as well as university-related events. In addition, subsidies may allow the university to compete unfairly with private sector caterers.

Authority to Prepare Food for Private Events

The university may not have the legal authority to prepare food for private individuals and events. A South Carolina attorney general's opinion dated April 5, 1990, states, in part, that whether a university may engage in ventures which are not directly related to its mission depends upon the facts of each case. A university can engage in commercial enterprises if they are closely related to the mission of the university. However, we could find no evidence that providing food and beverages for private events is closely related to the mission of the university. Therefore, SCSU may not have the authority to prepare foods for private events.

Private Payments to University Employees

University records sometimes instruct customers who request food for a private event to pay a university employee directly. This practice allows state employees to use state equipment and facilities to earn extra income.

If an employee is working at the university during his nonworking hours and is injured while preparing food, it is questionable whether he would be covered under workers' compensation insurance, since the injury would have to arise out of and in the course of his employment. State laws and regulations make no provision for state employees to perform work for private individuals or entities during normal work hours, while being paid by the state.

In addition, by permitting this practice, the university might be allowing the unauthorized use of state equipment and state employees for personal profit.

Conclusion

The university has not developed sound policies and procedures governing the sale of food and beverages for private events. If the university's Board of Trustees determines that it has the legal authority to continue to sell food and beverages for private events, policies are needed to ensure that its

pricing system requires the university to recoup its costs and that charges for services are paid.

Recommendations

- 5 South Carolina State University's Board of Trustees should review the university's present practice of selling food for private events to determine whether it is within the scope of the university's authority.
- 6 If the board determines that the university has the legal authority to continue this practice, SCSU should:
 - Implement formal policies and procedures for ensuring that bills are paid.
 - Maintain records on the accounts receivable system of amounts owed the university from food services for special events.
 - Establish a formal method for setting prices for food and beverages.
 - Determine the legality of employees being paid by private individuals when working at the university. If this process is found to be legal, the university should establish policies governing university employees who prepare food for private events.
- 7 South Carolina State University should review its financial records to determine which food services bills have not been paid. The university should attempt to collect outstanding funds owed the university.

Returned Checks

The university has taken action to decrease the volume of checks it accepts, which decreases the volume of checks returned for insufficient funds. However, policies regarding the collection of funds owed for returned checks have not been followed consistently.

As of June 28, 1993, uncollected returned checks totaled approximately \$44,000. These checks were written from November 1985 through June 1993. Our review found the following.

Collecting Returned Checks

We reviewed a random sample of 37 (44%) of 84 uncollected returned checks of \$100 or more to examine the university's efforts to collect funds. The university was unable to locate documentation for two of the returned checks in our sample; two other checks involved student loans rather than personal checks.

In the remaining 33 cases reviewed, we found no evidence that any of the returned checks had been submitted to the county magistrate's office for collection as required by university policy. In addition, we found no evidence that the university sent certified letters, notifying the individuals that their checks had been returned, in 18 (55%) of the 33 cases as required by university policy.

A total of 7 (21%) of the 33 returned checks came from local banks. We found no documentation that the university contacted the banks to determine if funds were ever placed in the accounts to cover the returned checks.

Further, we found no evidence that the office of admissions and records was notified of persons indebted for returned checks to prevent the persons from receiving university services, such as grades or transcripts.

The university's collections office is responsible for collecting funds owed from returned checks. The office is required by university policy to send a certified letter notifying the individual that the university is holding a returned check and requesting payment within ten days. The certified letter states:

. . . if you do not pay in full within the time specified, you leave us no choice but to continue collection efforts permitted by the law.

According to SCSU's *Operations Manual for Business and Finance*:

University policy requires a diligent and continuing effort to collect unpaid checks which have been returned unpaid by the bank on which they were drawn Continued failure to pay the check results in notification to Admissions and Records and withholding of grades and transcripts. Legal proceedings with the Orangeburg County Magistrate's Office are the final steps of the collection procedure.

An April 1991 university study cited problems in the collection of returned checks. According to a school official, problems included the cashing of student checks for "cash"; the lack of computer equipment in the university's

athletic ticket office and the bookstore to verify previous returned checks; and the lack of contact with local banks (as applicable) to verify that sufficient funds were in accounts after a check had been returned.

According to university officials, the university has forwarded a small number of returned checks to the county magistrate for collection. However, these checks have been forwarded on or near the last day allowed by law for legal action. Further, university officials stated that information such as the address on the returned check is generally inaccurate. In these cases, the magistrate may not be successful in collecting funds for returned checks.

Volume of Returned Checks

The university has taken measures to decrease the volume of returned checks. For example:

- In March 1991, the university developed a policy which required the payment of fees for transcripts, acceptance, room deposits and applications by money order or cashier check rather than personal check.
- According to an SCSU official, the university has not accepted checks from students and staff for "cash" for approximately three years. Although we were unable to locate a policy regarding accepting checks for cash, we found no evidence that checks for cash had been accepted by the university during this time period.
- The manager of the university's bookstore stated that a computer system has been installed in the bookstore to determine if a prospective customer has returned checks which have not been collected.

Staff in the collections office told us that measures taken by the university have reduced the volume of returned checks. The university did not maintain adequate information to evaluate the effect of these changes on the number or amount of checks.

Recommendation

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- 8 South Carolina State University should use all resources available to collect returned checks. This includes forwarding returned checks to the magistrate for collection in a timely manner and confirming that information sent to the magistrate is accurate.

Expenditures of Public Funds

SCSU receives revenues from laundromat and vending machine operations on campus, which are spent at the discretion of university officials. We found expenditures of these funds which may have violated state law.

No Board of Trustees Policy

Until February 1993, the SCSU Board of Trustees did not have a written policy regarding the expenditure of laundromat and vending machine revenues, as required by state law.

Appropriation act provisos 129.3 in FY 90-91 and FY 91-92, and 129.13 in FY 92-23 state:

Notwithstanding other provisions of this Act, funds at State Institutions of Higher Learning derived wholly from athletic or other student contests, from the activities of student organizations, and from the operations of canteens and bookstores, and from approved Private Practice plans may be retained at the institution and *expended* by the respective institutions *only in accord* with policies established by the institution's Board of Trustees. Such funds shall be audited annually by the State but the provisions of this Act concerning unclassified personnel compensation, travel, equipment purchases and other purchasing regulations shall not apply to the use of these funds. *[Emphasis Added]*

A May 21, 1993, South Carolina attorney general's opinion (see Appendix A) stated that laundromat and vending machine revenues "... would fall within the purview of 129.13 of the current state Appropriation Act."

The university spent \$80,540 in FY 90-91 and \$42,961 in FY 91-92, using revenues from laundromats and vending machines. Because the university had no policy governing the laundromat and vending machine revenues, expenditures prior to February 1993 were not in accordance with state law.

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Examples of Questionable Expenditures

The May 21, 1993, attorney general's opinion stated that, in addition to the requirement of a board of trustees policy:

. . . every expenditure of public funds must directly promote a public purpose As related to a university, it might be said that an expenditure would be required to promote the public health, safety, morals, general welfare, etc. of all of the inhabitants of the university, or at least a substantial part thereof.

We reviewed SCSU expenditures made with laundromat and vending machine funds from July 1990 through December 1992. Below are examples of expenditures which may not be in compliance with state law.

Funds Given to a Private Foundation

In October 1990, the university transferred \$8,079 to the SCSU Educational Foundation to reimburse the educational foundation for "improper payments" made with grant funds. The educational foundation is a private organization.

The May 21, 1993, attorney general's opinion cited an April 26, 1983, opinion which stated:

. . . [there is] no Constitutional or statutory power for a State agency to give public funds to a private foundation or any other corporation or individual except in payment for goods and services.

Reimbursing a private foundation for its improper financial activities would not constitute "payment for goods and services."

Receptions, Retreats, Dinners and Parties

Table 2.5 lists numerous expenditures of public funds for food and related items for receptions, retreats, dinners and parties:

Table 2.5: Receptions and Other Events Paid for With Public Funds

SCSU Board of Trustees retreat with SCSU staff and the state Commission on Higher Education on July 11 and 12, 1990.	\$1,815
Retreat of the department of academic affairs on July 16-23, 1990.	\$503
Alumni reception on August 31, 1990.	\$2,000
Staff Christmas party for the department of business and finance in 1990.	\$500
Banquet for legislators at a Columbia hotel on February 6, 1991.	\$6,537
Graduation reception hosted by the president on May 12, 1991.	\$1,500
Retreat of the department of development and institutional relations on June 13, 1991.	\$380
Retreat of the department of academic affairs on August 16, 1991.	\$345
Dinner for 150 people, hosted by the university's education department, on October 20, 1991.	\$1,613
Faculty Christmas party on December 12, 1991.	\$275
Physical plant department Christmas party on December 19, 1991.	\$1,000
Annual Christmas drop-in, at the university administration building, on December 20, 1991.	\$500
Graduation reception hosted by the university president on May 10, 1992.	\$1,125
Alumni reception at 1992 commencement.	\$500
Retreat of the department of business and finance on May 29, 1992.	\$500
Retirement party in 1992.	\$963

The May 21, 1993, attorney general's opinion cited prior attorney general's opinions, which prohibit similar activities:

- A May 22, 1989, opinion stated that public funding of picnics and social events for governing body members and employees of a local government would be improper.
- A June 1, 1992, opinion stated that profits from a county jail canteen should not be used for individual inmates. However, using "... such profits for the entire inmate population could probably be authorized."

- A March 29, 1984, opinion stated that using public funds for a retirement reception for a state employee would not be proper. The public benefit of such an event, according to the opinion, would be remote or indirect.

The May 21, 1993, opinion stated that:

Food for Christmas parties for university employees might well be in the same category of public fund expenditures discussed in the opinions dated June 1, 1992, and May 22, 1989 The opinion of March 29, 1984, speaks to the use of public funds for retirement parties, but 129.35 of the 1992-93 [appropriation] act should also be considered. Food for parties for alumni and university seniors might or might not be considered permissible, depending on the facts of the situation. (A single party *might* be viewed as permissible, whereas a weekly party during the year for seniors might not, for example.)

Retirement Gifts

During the period of our review, the university gave monetary retirement gifts totaling \$3,000 to 30 employees. Sixteen employees received \$100 each in 1991. Fourteen employees received \$100 each in 1992.

Appropriation act proviso 129.9 from FY 90-91 and FY 91-92 permits using public funds for:

. . . employee plaques, certificates, and other similar recognition events, up to the limit of \$50 for each individual, provided that no such award is monetary, and that total expenditures of public funds for such awards by each state agency or institution do not exceed \$1,000.

These retirement gifts are not in accordance with the above proviso.

Christmas Bonuses

The university gave Christmas bonuses to physical plant employees in each December during our period of review:

- Thirty-five employees received \$20 each in December 1990. The total cost was \$700.
- Forty-one employees received \$15 each in December 1991. The total cost was \$615.

- Forty-nine employees received \$15 each in December 1992. The total cost was \$735.

The May 21, 1993, attorney general's opinion stated:

Christmas bonuses for university employees might be viewed as individual in nature

These bonuses may not directly promote a public purpose.

Reimbursement for Lost or Stolen Items

We found two instances in which the university reimbursed individuals for lost or stolen items:

- Five athletes received \$5,240 for items stolen from their lockers on February 23, 1991.
- A guest of the university received \$300 for a coat which was lost or stolen on February 23, 1992.

The May 21, 1993, attorney general's opinion stated:

. . . [W]e observe that compensation for personal property stolen from university students and guests of the university would appear to benefit only the involved individual, rather than all or a substantial part of the university inhabitants.

Reimbursements for lost or stolen items may not directly promote a public purpose.

Recommendation

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- 9 South Carolina State University should develop a system to ensure that public funds are spent in compliance with state law and should rely on guidance provided by attorney general opinions.

Private Organizations Associated With the University

In 1983 we reported that private organizations associated with South Carolina state agencies were being subsidized with public resources. We found the same practice in a 1986 review of the College of Charleston and a 1989 review of the University of South Carolina. In each review, we found no legal authority for the subsidy.

At SCSU, there are also private organizations associated with the university. These include the SCSU Educational Foundation, the Alumni Association, and the S.T.A.T.E. (athletic booster) Club.

We reviewed the relationship between the university and the SCSU Educational Foundation. The educational foundation is a tax exempt non-profit organization which supports the university through scholarships, grants, and assistance with operating costs.

Public Subsidy of the Educational Foundation

Without legal authority, SCSU has used public resources to subsidize the SCSU Educational Foundation. The two organizations have not maintained their independence by operating at "arm's length."

An April 26, 1983, opinion of the South Carolina attorney general stated:

. . . [there is] no Constitutional or statutory power for a State agency to give public funds to a private foundation or any other corporation or individual except in payment for goods and services.

Without legal authority SCSU has used public resources to subsidize the educational foundation.

Below are examples of expenditures to support the foundation for which the university has not obtained reimbursement.

- The university has provided staff to raise funds for the SCSU Educational Foundation.

Educational foundation revenues were \$1,288,507 in FY 90-91. University officials report that these revenues were the result of fundraising by the university's office of development and institutional relations and grant applications written by faculty.

Expenditures of the office of development and institutional relations totaled approximately \$505,000 in FY 91-92. We were unable to

determine the portion of university expenditures devoted to raising funds for the foundation.

- The university's computer system and computer center staff have been used to support the SCSU Educational Foundation.

The educational foundation has used the university's computer system to keep accounting records and alumni records. In addition, the computer center has spent staff time on work for the foundation.

- University accounting staff have been used to support the SCSU Educational Foundation.

The university has provided accounting staff time to the educational foundation to assist in the management of federal grants received by the foundation.

- University office space has been used by the SCSU Educational Foundation. The foundation has occupied approximately 600 square feet of university office space rent free.
- University funds were donated to the SCSU Educational Foundation to compensate for improper grant payments.

In October 1990, the university transferred \$8,079 to the educational foundation as reimbursement for "improper payments" made by the foundation with grant funds (see p. 22).

By not obtaining reimbursement from the SCSU Educational Foundation, the university has given public funds and other resources to the foundation.

Recommendations

- 10 South Carolina State University should maintain an "arm's length" relationship with all private organizations. The university should comply with state law by not subsidizing private organizations.
- 11 South Carolina State University should obtain full reimbursement from all private organizations to which it has given public funds or resources.

Equipment Inventory

SCSU has not maintained proper control over its equipment inventory.

We conducted a physical inventory, accompanied by staff of the university's property and inventory division, of a random sample of 132 of 6,424 items on the university's inventory. We also attempted to locate a selected sample of 13 items which may be prone to theft. These items included televisions, video cassette recorders, air conditioners, lawn mowers and video equipment.

We could not locate a total of 40 of the 145 items from both samples. We provided the university with a list of these missing items. Of the 145 items, the university could not locate 32 (22%) items which cost \$65,759. Equipment missing included engineering equipment, personal computers, video equipment, televisions, lab equipment, cassette recorders, air conditioners and lawn mowers.

During our review, we also found 41 items which were not tagged with a university inventory control number. These items included personal computers, laser printers and laser discs.

The university does not have policies requiring that all equipment be inventoried on a periodic basis. SCSU implemented a policy in February 1993 to conduct weekly cycle counts on inventory. A cycle count is a process in which a random location is inventoried and compared to the inventory in SCSU's system. The accountable personnel are to be notified of discrepancies such as missing items. As of September 1993, only three cycle counts had been conducted. These reports indicated that equipment was missing.

A university official indicated that the university is in the process of developing additional policies to address inventory control.

Equipment is difficult to locate because university records rarely specified room numbers where items are located. Floor numbers of buildings or only buildings were listed for the items' locations.

Without adequate control over inventory, there is an increased risk that equipment will be lost or stolen. In addition, failure to tag inventory immediately upon receipt could result in undetected theft or an inability to trace the equipment.

Recommendations

- 12 South Carolina State University should conduct an inventory of its equipment and account for all missing items.
- 13 South Carolina State University should maintain a computerized inventory records system which specifically identifies the location of all equipment.
- 14 South Carolina State University should develop policies regarding action to be taken when equipment is determined to be lost or stolen.
- 15 South Carolina State University should place an inventory tag on equipment immediately after it is received.
- 16 South Carolina State University should conduct periodic inventories of its equipment.

Ticket Sales for Athletic Events

The university sells tickets for athletic and other events, such as concerts, through Capitol Tickets, a computerized ticketing system owned and operated by the University of South Carolina. Our review of ticket sales found the following.

Ticket Sales Records

South Carolina State University has not maintained adequate records to account for funds derived from the sale of tickets for athletic events.

For four 1992 SCSU home football games, the university ticket sales records could not be reconciled to Capitol Ticket sales records. According to an SCSU official, the university's ticket sales report for one of the four home games could not be located.

In addition, the university's office of alumni affairs prints separate tickets for youth and chaperons. Alumni affairs also receives tickets from the computerized Capitol Tickets system to sell on consignment. Alumni affairs officials did not provide complete documentation of the tickets sold on consignment.

Without reconciling ticket sales records, the likelihood of theft of ticket revenue is increased.

We did not audit university ticket sales records to determine if funds from ticket sales for this time period were unaccounted for. Previous audits of ticket sales have identified funds which were unaccounted for.

Previous Reviews Identified Accountability Problems

In 1992, an SCSU review of its 1991 ticket sales stated that internal controls and operating procedures in the SCSU ticket office were not adequate to ensure timely, accurate and reliable ticket reports. According to the report, \$26,488 derived from 1,863 tickets issued during the 1991 football season could not be accounted for.

The university's financial audit for the year ended June 30, 1992, stated that athletic ticket sales reports could not be reconciled to university accounts. The report recommended that supporting documentation for ticket sales revenue be retained and reconciled in a timely manner.

In September 1993, SCSU completed a follow-up of its 1992 review. The university was still unable to reconcile some deposits to ticket office sales records and was unable to reconcile ticket office sales records to computerized sales records.

Complimentary Tickets

The university has no written policy on the distribution of complimentary tickets other than for athletes and their families.

The 1992 internal review noted that an excessive number (6,422) of complimentary tickets had been issued for the 1991 football season. This was 19% of the tickets issued in 1991. Although the 1993 follow-up report indicates that the number decreased in the 1992 season (to 5,302), the report recommended that SCSU further decrease the amount of complimentary tickets issued in order to increase revenue.

Equipment Limitations

The university has not provided adequate equipment to the ticket office to assist in accounting for ticket revenue. For example:

- The ticket office does not have a cash register. Cash is kept in a case with glass doors prior to being put in the safe, and a calculator is used to make change.
- The office does not have a working printer; therefore, it cannot print computerized sales reports to be used to reconcile daily sales.

Because cash is an asset vulnerable to loss, adequate internal controls require that receipts be promptly recorded, be physically safeguarded and be deposited on a daily basis.

Recommendations

- 17 South Carolina State University should implement appropriate procedures to reconcile receipts to computerized records on a daily basis, by event, and to reconcile deposits to computerized records.
- 18 South Carolina State University should require a full reconciliation for all consignment and other ticket sales.
- 19 South Carolina State University should establish written policies regarding the issuance of all complimentary tickets.
- 20 South Carolina State University should adequately address equipment needs to ensure that assets, such as cash, are safeguarded and properly accounted for.

Property Purchases

We were asked to determine if university employees benefited financially from SCSU property purchases during the period FY 89-90 to FY 92-93. Also, we were to examine the ownership of a resort home available for use by university administrators or other employees.

To determine if university employees benefited from property transactions, we reviewed documents, provided by the university, pertaining to the three properties purchased after December 31, 1991. Also, we interviewed an official of the State Ethics Commission and reviewed §8-13-775 of the State Ethics Act regarding circumstances that would constitute a conflict of interest in purchasing after December 31, 1991.

We found no reference to any university employee working as an agent or a representative for the three property purchases reviewed. Further, an ethics commission official and an ethics opinion indicated that a conflict of interest in a real estate transaction would exist in cases where the public employee wrote the specifications or negotiated the contract. Documentation from the sales of the three properties reviewed did not indicate either.

To examine the ownership of a resort home, we obtained from the university a schedule of properties it owns, including off-campus locations. We found that the only outside property (excluding dormitory facilities for students) was Camp Daniels located in Elloree, South Carolina. According to a university official, Camp Daniels is used primarily by the university's 1890 Office of Research and Extension as a residential 4-H camp and for agriculture demonstrations.

Recoupment of Wedding Reception Costs

We were asked to determine if SCSU has recouped the cost of a former employee's wedding reception held at the home of the university president in May 1987. According to university records, the food services division billed the former employee \$1,500 for the food prepared for 300 guests at the reception.

We found that the university received three payments for the reception totaling \$1,500 from this employee approximately one and two years after the event was held. The first two payments of \$500 and \$800, respectively, were made in May 1988; a third payment of \$200 was made in May 1989. We found no evidence the university charged interest on this debt and could not determine how this repayment schedule was established.

We reviewed procedures used by the university to calculate the costs of serving private events on page 15.

Reports to the Commission on Higher Education

We were asked to determine if SCSU submits timely and accurate reports to the South Carolina Commission on Higher Education (CHE). Information collected through some of these reports is used as a basis for the state funding formula, for CHE's statistical analysis and for dissemination to other state, regional and national organizations affiliated with higher education. We interviewed university and CHE officials and reviewed documentation regarding the due dates and submittal dates of SCSU reports to CHE for the first six months of FY 92-93.

According to a CHE official, prior to FY 92-93, SCSU did not submit timely and accurate reports. However, beginning in FY 92-93, the CHE official indicates that there has been significant improvement in the timeliness of reports. Of 17 reports submitted between September and December 1992, 8 were submitted before the due date, while 8 were submitted from a few days to less than a month after the due date. In only one case was a report submitted more than one month after the due date. Finally, the CHE official stated that the reliability of reports has also improved.

Academic Administration

In this chapter we address the university's admission policies, the awarding of student scholarships, academic disciplinary policy and student grade changes. Discussion of these areas follows.

Admissions

We reviewed the process used by the university to admit freshmen. The university's written admission policy for freshmen includes the following requirements:

- A Scholastic Aptitude Test (SAT) score of 700 for applicants in the top 25% of their high school class. This is equal to an American College Test (ACT) score of 17.

An SAT score of 800 (ACT = 19) for applicants in the second 25% of their high school class.

An SAT score of 900 (ACT = 21) for applicants in the third 25% of their high school class.

- Sixteen units of high school course prerequisites from ten categories.
- A high school grade point average of 2.0 on a 4.0 scale.

As interpreted by university officials, the above requirements are not rigid. A January 31, 1992, letter from the university to the Commission on Higher Education stated:

The students' total application package (completed application, grades, transcript, SAT, recommendations and other indices that suggest potential) is considered in the admission process.

In addition, the university operates a project called "Student Support Services" for students who have not met the regular admission requirements of the university. This program is designed to provide tutoring and other services to persons who, among other characteristics, have low test scores and/or low high school class rank. In the 1992-93 school year, 226 students participated in this program.

University records from July 29 and August 3, 1993, listed 1,219 applicants accepted for admission as freshman in fall 1993.

We reviewed the extent to which the 1,219 persons accepted by the university met requirements regarding minimum SAT/ACT scores and high school course prerequisites. We did not review high school grade point averages, since they were not on the university's computer records. We also did not review the admissions process for the Student Support Services program. The following summarizes our review.

Deviation From Admissions Requirements Without Written Justification

The university has accepted applicants who do not meet its admissions requirements regarding SAT/ACT scores and high school course prerequisites. There may have been compensating factors or criteria which justified accepting these applicants. However, applicant files did not indicate what those factors or criteria were.

The following table shows that 621 (51%) of the 1,219 persons accepted for fall 1993 did not have the required minimum SAT/ACT scores. Excluding persons accepted into Student Support Services, 426 (35%) did not have the required SAT/ACT scores.

Excluding applicants accepted into student support services, 38% of persons accepted did not have the required SAT/ACT scores or did not have all high school course prerequisites.

A total of 184 (15%) of the 1,219 persons accepted did not have all high school course prerequisites. Excluding persons accepted into Student Support Services, 133 (11%) did not have all course prerequisites.

Finally, 661 (54%) of the 1,219 persons accepted did not have the required SAT/ACT scores *or* did not have all high school course prerequisites. Excluding persons accepted into student support services, 464 (38%) did not have the required SAT/ACT scores or did not have all high school course prerequisites.

When the reasons for deviating from admission requirements are not documented in applicant files, there is a decreased chance that the applicants will be treated consistently.

Table 3.1: Applicants Accepted for Fall 1993 Without Minimum SAT/ACT Scores

High School Class Rank	Required Minimum SAT/ACT Score	Total Number Accepted	Applicants Accepted Without Required SAT/ACT Scores	
			Total	Not Accepted into Student Support Services
Top 25%	700/17	356	33	6
Second 25%	800/19	363	254	187
Third 25%	900/21	233	210	158
Bottom 25%	900/21 ^a	111	96	71
Rank Not Available	700/17 ^b	156	28	4
Total		1,219	621 (51%)	426 (35%)

a There is no written SAT/ACT requirement for applicants in the bottom 25% of their high school class. For them, we applied the 900 SAT requirement from the third 25%.

b For applicants whose class rank was not available, we applied the lowest SAT/ACT requirement of 700/17.

Admissions Records of Athletes

Beginning with the fall semester of 1994, the National Collegiate Athletic Association (NCAA) will certify whether the academic credentials of freshmen student athletes meet NCAA eligibility standards. While this process does not remove the university's responsibility for accepting students in compliance with its admissions policy, it does provide additional assurance that the admissions documents of prospective athletes are authentic.

Recommendation

- 21 In the file of each person who applies for admission to South Carolina State University, the university should document the specific factors and criteria upon which the admission decision was based.

Scholarships

We identified 69 types of scholarships awarded to non-athletes by the university.

Our review focused on 19 types of scholarships totaling \$493,272 awarded to 468 students in the fall 1992, spring 1993 and summer 1993 semesters. Of 320 students who received individual awards greater than \$500, we reviewed a sample of 124.

The following describes problems we found in the awarding of scholarships.

Compliance With Scholarship Criteria

We found that scholarships have been awarded to students who do not meet the criteria for receiving the scholarships. In a sample of 124 scholarship recipients, 108 received scholarships with objective criteria. Of these 108 recipients who received \$148,941, 33 (31%) received scholarships totaling \$57,544 but did not meet the requirements for the scholarships. For example:

- For one type of scholarship, 11 (65%) of 17 recipients sampled did not meet the minimum SAT requirement of 1000. One student had an SAT score of 640, five had scores ranging from 830 to 890, and five had scores ranging from 910 to 980.
- For another type of scholarship, 6 (86%) of 7 recipients sampled either did not meet the minimum SAT requirement of 900 or did not major in a required discipline.
- For another type of scholarship, 10 (91%) of 11 recipients sampled either did not meet the minimum grade point average requirement or did not major in a required discipline. One recipient who did not major in a required discipline was the son of a university administrator.

We found that 33 (31%) of 108 scholarship recipients did not meet the scholarship criteria.

When scholarships are given to students who do not meet the award criteria, the intended effects of the scholarships may not be achieved.

No Objective Criteria

Some university-administered scholarships do not have objective award criteria. Of the 19 types of scholarships we sampled, three, which were administered by the university, did not have objective award criteria. For example:

- The criteria for one type of scholarship includes financial need, academic potential, and academic performance without objective parameters established.
- Two other types of scholarships are awarded at the discretion of a university administrator. Two children of university administrators were among students who received these scholarships.

Without objective criteria, there is reduced assurance that scholarships are being awarded consistently.

Recommendations

- 22 South Carolina State University should comply with scholarship award requirements.
- 23 South Carolina State University should establish objective criteria for all university-administered scholarships.

Academic Disciplinary Policy

The university's policy is to place students on academic probation or suspension when they fail to meet minimum academic standards.

There are two different suspension and probation policies in effect. Students who enrolled prior to August 1991 and have maintained continuous enrollment since that time are governed by one set of standards. All other students are governed by higher standards. Below is a summary of the minimum grade point averages (GPAs) required for students to remain enrolled in "good standing" (see Appendix B).

Table 3.2: Minimum Grade Point Averages Required for Good Standing

Date on Which Continuous Enrollment Began	Credit Hours Attempted	Cumulative GPA Required for Good Standing
Before August 1991	3-39	1.3 +
On or After August 1991	3-39	1.59 +
Before August 1991	40-69	1.4 +
On or After August 1991	40-59	1.89 +
Before August 1991	70-99	1.6 +
On or After August 1991	60-99	1.99 +
Before August 1991	100 +	1.8 +
On or After August 1991	100 +	2.0 +
Before August 1991	Graduation	2.0 +
On or After August 1991	Graduation	2.0 +

Source: South Carolina State University documents.

Students who do not achieve these GPAs are required by university policy to be placed on probation or suspension. The specific disciplinary action depends on the range in which a student's GPA falls and, in certain instances, the number of semesters it has been within that range (see Appendix B). In addition, a student who does not earn at least three credit hours in one semester is required to be suspended.

Students on probation may remain enrolled in the university but may not take more than 15 credit hours per semester. Students on probation are also ineligible to hold elective positions or represent the university in any official capacity. Students who are suspended may re-enroll after missing one semester.

At the end of the 1992-93 school year, there were 1,265 students with a cumulative GPA less than 2.000. We reviewed a random sample of 174 students to determine if the university gave them the proper academic status for the range in which their cumulative GPAs fell at the end of the fall 1992

semester. We did not review whether the university applied the proper academic status based on the number of semesters a student's GPA fell within a particular range. We also did not review the university's compliance with its policy on minimum credit hours earned during a semester.

Policy Compliance

In a sample of 174 students, we found that 39 (22%) were not given the academic status required by university policy (see Appendix B).

**Table 3.3: University Compliance
With Its Policy on Probation and
Suspension**

Disciplinary Status	Number of Students for Whom Status Was Required	Number of Students Not Given Required Status
Probation	25	15
Suspension ^a	49	10
Good Standing	100	14
Total	174	39 (22%)

- ^a Students with continuous enrollment beginning before August 1991, who have a GPA below the probationary level, are required to be given the academic status of "failure," which after two semesters becomes a suspension. The 49 students for whom suspension status was required in Table 3.3 includes 10 students subject to the pre-August 1991 policy. For those students, we combined the "suspension" and "failure" status.

Source: South Carolina State University documents.

We found that 39 (22%) of 174 students were not given the appropriate academic status.

According to university officials, due to the existence of two academic disciplinary policies, there is no automated system to determine the academic status of students. Administrators manually review student records to determine if disciplinary action is warranted.

When the university does not enforce its minimum academic standards, there is reduced assurance that students will meet the minimum qualifications for graduation.

Recommendation

24 South Carolina State University should comply with its policy on academic probations and suspensions.

Removal of Incompletes and Grade Changes

The university has a process by which an "incomplete" (indicating a course not completed) may be removed from a student's record and replaced with a grade. The university also has a process by which a grade previously awarded may be changed.

For courses taken in fall 1991, spring 1992, and summer 1992, there were 97 removals of incompletes and grade changes received by athletes (including support staff) and 1,429 by non-athletes as of March 29, 1993.

We reviewed a sample of 61 removals of incompletes and 10 grade changes received by athletes. We also reviewed a sample of 186 removals of incompletes and 41 grade changes received by non-athletes. In total, we reviewed 298 records. Our objective was to determine whether deadlines for removing incompletes and changing grades were met. It was also our objective to determine whether athletes were treated in the same manner as non-athletes. These areas are discussed below.

Removal of Incompletes

The university's deadlines for removing incompletes are clearly stated in its catalog but have not been met consistently.

The university's catalog for 1991-1993 states:

An incomplete which is not removed within the first nine weeks of the succeeding semester in which the student is in residence automatically becomes an F.

Ten percent (6 of 61) of the removals for athletes in our sample did not occur within the nine-week period and were changed to grades other than "F." Likewise, 10% (19 of 186) of the removals for non-athletes in our sample did not occur within the nine-week period and were changed to grades other than "F."

Grade Changes

The university's policy on deadlines for changing grades is not stated clearly.

The university's catalog for 1991-1993 states that:

Any change in grades must be done within six weeks of the fall, spring, or summer terms following the date the final grades were submitted to the Office of Enrollment Management.

This policy does not clearly state when the six-week grade change period begins. As a result, we could not determine university compliance with this policy.

When we asked a university official to clarify this policy, he wrote:

. . . this institution permits grade changes for [Fall 1991, Spring 1992, and Summer 1992] and all other terms whenever approved by proper University Officials.

We recognize the fact that the *University Catalog* carries a statement which could establish specific dates for each term. However, for more than 20 years, South Carolina State has ensued the much more functional practice stated above. Therefore, no cut-off dates were set for terms in question.

However, without specific deadlines, there may be inadequate incentive for students and faculty to monitor the accuracy of grades awarded. There also may be inadequate incentive for students to complete course work in a timely manner.

Changes Made After Significant Delay

Independent of the sample we reviewed, we also found four grade changes and one removal of an incomplete which occurred several years after the courses were taken. These are not representative of all grade changes and removals of incompletes:

- On March 12, 1992, a student received a change from "F" to "D" for a course she took in the fall of 1989.
- On April 2, 1992, a student received a change from "F" to "D" for a course she took in the fall of 1988.

- On April 29, 1992, a student received a change from "D" to "C" for a course she took in the spring of 1989.
- On July 16, 1992, a student received a change from "U" to "C" for a course he took in the fall of 1985.
- On April 7, 1992, a student received a change from "I" to "S" for a course he took in the fall of 1988.

Required Authorization

The university's policy is not clear regarding which officials are required to authorize grade changes and removals of incompletes. Although the university's catalog does not require signatures on the form used to change grades and remove incompletes, the form has lines reserved for the signatures of the instructor, registrar, department head, dean of school, and dean of faculty.

Without a clear policy stating which officials are required to authorize grade changes and removals of incompletes, there is an increased chance that these actions will not be authorized in a consistent manner. Twenty percent (59 of 298) of the forms in our sample had neither a signature by a dean nor a department head.

Recommendations

- 25 South Carolina State University should establish and enforce specific deadlines for changing grades and removing incompletes.
- 26 South Carolina State University should establish and enforce a clear policy regarding which officials are required to authorize grade changes and removals of incompletes.

Personnel Management

We examined issues relating to personnel management at the university. Discussion of these areas follows.

Dual Employment

State law allows state employees to be employed in a second job with a state agency if agency management approves the employment and the second job is not a part of the employee's regular job. We reviewed the university's system for ensuring that employees who work second state jobs (dual employment) are hired in compliance with state rules and regulations.

According to SCSU records, 228 employees were authorized to work second jobs in FY 91-92 and FY 92-93. A total of 90 (39%) of the 228 employees worked in both fiscal years. Also, some employees had more than one dual employment assignment. Approximately \$634,849 was paid for dual employment services for the period reviewed.

We examined the records of employees who received dual employment payment(s) of \$2,000 or more for the period reviewed. The following describes problems we found in a sample of 94 employees' files.

Late Approvals

Management has not always approved employees' dual employment before the dual employment assignment began. South Carolina regulation 19-702.09(D)(3)(c) states that all dual employment requests must be processed in a timely manner. According to an official of DHRM, this is interpreted to mean that the form should be approved or disapproved prior to the beginning date of the dual employment.

Of 94 employee records reviewed, 73 (78%) had their dual employment assignments approved *after* the assignment had begun. Of those, 33 (35%) employees had a dual employment assignment approved *after the assignment was completed*.

We found that 33 (35%) employees had a dual employment assignment approved after the assignment was completed.

Examples of dual employment requests approved after or during the assignment included:

- A dean, paid approximately \$15,000 for six dual employment assignments, had only one of the six assignments approved before the assignment began.
- An instructor received approval during the dual employment for eight of nine assignments totaling \$17,000.
- Dual employment assignments for a department chairperson who was paid \$1,723 in FY 91-92 and FY 92-93, were approved *after* completion of both assignments.
- An assistant professor with three different dual employment assignments had two requests approved *after* completion of the services; the third was approved two months after beginning the dual employment.

Recordkeeping

South Carolina regulation 19-702.09(D)(3)(a) requires the employing (primary) agency and requesting (secondary) agency to retain approved dual employment forms.

A review of SCSU dual employment records showed that the university did not maintain documentation on all employees who were paid for dual employment. We could not find evidence that \$31,000 (6%) of over \$500,000 expended for dual employment was ever approved by management. Further, in some instances, we found dual employment forms that were not included on a list of approved dual employment assignments maintained by the university. In addition, many of the dual employment forms were not completed in their entirety.

Possible Duplication of Regular Duties and Dual Employment Assignments

In 4 (25%) of 16 cases reviewed, we were unable to determine if the employee's dual employment assignment(s) differed from his regular job duties.

South Carolina regulation 19-702.09(D)(2)(b) specifies that additional compensation (for dual employment) will be allowed only when the services rendered are clearly not a part of the employee's regular job.

We were unable to determine from dual employment records if some dual employment assignments differed from the employee's regular job. There were 16 employees in our sample who had a salary of \$50,000 or more. These 16 employees were paid \$128,026 in dual employment for the time period reviewed, an average of \$8,002 per person. For four of these employees, three of whom had multiple dual employment assignments, we were unable to determine from the dual employment forms if the "administrative and coordination services," listed as the description of services were performed as dual employment, differed from the employees' regular duties. For example, one dean, whose salary was approximately \$66,000, had five dual employment assignments with these descriptions.

Further, we found that dual employment service for seven other employees working on the same project within the same department was described as "to perform various tasks." As in the cases noted above, we could not determine if the dual employment differed from regular job duties. Approximately \$32,000 was paid in dual employment to these seven employees.

Conclusion

When dual employment requests are approved *after or during* the assignment, there is less assurance that funds are expended in accordance with state rules and regulations. In addition, without a clear delineation between an employee's regular job and dual employment assignment, there is an increased possibility that the dual employment assignment duplicates the regular job assignment. Further, the retention of *all* approved dual employment forms would help to ensure compliance with state regulation by providing documentation of the date of approval as well as the duties assigned.

Recommendations

- 27 South Carolina State University should approve or disapprove dual employment assignments prior to the scheduled date of the dual employment assignments.
 - 28 Dual employment request forms should contain a clear description of the dual employment service to allow management to determine whether the assignment duplicates regular job duties.
 - 29 South Carolina State University should retain a copy of all approved dual employment forms for a reasonable period of time.
-

Temporary Employees

South Carolina regulation 707.03 (A)(2) in effect during our period of review defined a temporary employee as one who is employed on a full- or part-time basis for an initial period not to exceed six months and who has no continuing status. (The time span of temporary employment for persons hired after June 30, 1993, is not to exceed one year.) Further, the South Carolina Division of Human Resource Management specifies that a temporary employee must meet the minimum training and experience requirements of the position.

In FY 91-92 and FY 92-93, SCSU employed a total of 463 temporary employees (excluding summer faculty) at an average annual cost of \$2.6 million. We reviewed a random sample of 164 files of temporary employees working during this period. We found several problems regarding temporary employment as discussed below.

Length of Temporary Employment

SCSU has allowed temporary employees to work with no break in service for periods exceeding six months. Our review revealed that the length of service of 59 (36%) of the 164 employees we reviewed exceeded this period. For example, a temporary employee performing secretarial duties in one department worked with no break in service from September 1989 through December 1992 (39 months).

Details regarding length of service for the temporary employees reviewed are provided in the following table.

Table 4.1: Continuous Service for
Temporary Employees

Number of Employees	Time Span
105	6 months or less (no violation)
36	More than 6 months, less than one year
15	1 to 2 years
8	Over 2 years
Total 164	

Each employee was included in the category of his/her longest period of temporary employment. An employee may also have had repeated violations in that category.

Minimum Training and Experience Requirements

We did not review the qualifications of temporary employees hired by SCSU. However, in our review of temporary employee files, we noted that the university has not developed procedures to ensure that these employees meet minimum training and experience requirements. For example, we found temporary employees' files which did not include documentation of the employees' levels of education.

According to an official of the university's personnel department, it is the responsibility of individual supervisors to determine if the employee meets minimum job requirements. The personnel department does not screen applications to ensure that applicants are qualified.

Late Approvals

According to university policy, the vice president of business and finance must authorize temporary employment service. In addition, a budget analyst from the business office must verify the availability of funds for temporary employment. We found that temporary employment assignments for 148 (90%) of the 164 employees we reviewed were approved by the vice president *after* the service began; 44 (27%) were approved *after completion*

of the employment. Additionally, the budget analyst verified the availability of funds *after* the service began in 147 (90%) of the cases reviewed.

Recommendations

- 30 South Carolina State University should comply with state regulations regarding the length of time persons may be employed as temporary employees.
- 31 South Carolina State University should ensure that applicants meet the minimum training and experience requirements for the position.
- 32 South Carolina State University should ensure approval of temporary employment, to include funding, prior to the first date of the employment.

Graduate Assistant Duties

We reviewed documentation regarding graduate assistants' duties for the 1992-93 academic year to determine if they were teaching in the classroom and if they were qualified to do so. We found no evidence to indicate that graduate assistants are teaching at SCSU. However, the following problems were found.

Graduate Assistants' Qualifications

SCSU has not awarded graduate assistantships in accordance with university eligibility requirements. According to documents provided to us by a graduate school administrator, 19 (37%) of 52 students awarded assistantships did not meet all eligibility requirements.

An assistantship is a form of financial aid paid for work within the various departments. The SCSU 1991-93 catalog specifies requirements for graduate assistantships to include: full admittance for new graduate assistants; good academic standing (defined as a minimum cumulative grade point average of 3.0) for continuing graduate students; and full-time enrollment of nine semester hours during the fall and spring semesters and six semester hours in the summer semester.

For FY 92-93, a university document indicated the following:

- A total of 11 students awarded assistantships had not been fully admitted to graduate school. Nine students were in the process of furnishing completed credentials for graduate admissions review. The remaining two students were admitted to graduate school on a conditional basis.
- In one of the two cases where a student was admitted on a conditional basis, the student was dismissed in the fall 1992 semester after failing to meet the terms of the conditional status. Nevertheless, this student received an assistantship in the spring 1993 semester.
- In 14 cases, students were not enrolled on a full-time basis. They took less than nine hours in the fall 1992 semester and/or spring 1993 semester. In one case, a graduate assistant was not enrolled in any graduate courses in either semester but had an assistantship during one of those semesters.

According to a university official, there is competition for graduate assistantships. When assistantships are not awarded in accordance with SCSU policy, students who meet all eligibility requirements may be denied assistantships.

Graduate assistantships have not always been awarded to qualified students because assistantships are not processed through the graduate office. Departments have been able to hire graduate assistants without determining if they meet the university's qualifications.

A total of 19 (37%) of 52 students awarded assistantships did not meet all eligibility requirements.

Recommendation

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- 33 South Carolina State University should award graduate assistantships in accordance with its policies.

Qualifications of Management

The previous administration of SCSU hired three top-level employees who did not meet the minimum training and experience requirements for the positions for which they were hired. We reviewed the personnel records of 14 top-level, non-academic employees (excluding athletic staff and research fellows) hired by SCSU during the administration of the former president (July 1986 through December 1991). We also consulted with the Budget and Control Board's Division of Human Resource Management (DHRM) and the South Carolina Criminal Justice Academy, as needed, about these positions.

Of the 14 employees reviewed, 3 (21%) did not meet the minimum training and experience requirements for their positions. These three positions were unclassified and there are no state specifications for unclassified positions. However, according to DHRM, SCSU has the discretion to define the training and experience requirements for unclassified positions.

We examined SCSU job announcements, which define the minimum requirements, and found the following:

- Vice President for Development and Institutional Relations—We found no evidence that this person had a “working knowledge of athletics at the college level, annual giving programs or the marketing of a college,” as required. (This person resigned from the university in 1989.)
- Vice President for Business and Finance—We found no evidence that this person had a master's degree, as required. (This person resigned from the university in 1990.)
- Assistant Director of Psychometrics—We found no evidence that this person had experience in micro-computer and main frame computer applications, as required.

SCSU has not ensured that all new employees meet the minimum qualifications for their positions. This may contribute to a perception of inconsistent and unfair hiring practices.

Recommendation

- 34 South Carolina State University should ensure that individuals hired meet the minimum training and experience requirements for the positions.

Professor's Travel Reimbursement and Teaching Load

One of our objectives was to determine if a professor who lived out-of-state was paid for travel expenses to teach one class. We reviewed travel reimbursement documents and teaching schedules, and interviewed university officials to determine if a professor was reimbursed for travel to and from Washington, D.C. (his out-of-state residence) to teach one class at SCSU.

We found that the professor was employed by SCSU from August 1989 to January 1993. During this period, he was reimbursed approximately \$54 for one meeting held in Washington, D.C. The reimbursement did not include hotel lodging or travel to and from Washington, D.C. In addition, a review of the professor's class schedules indicated that he taught a total of six semesters during his employment at SCSU. In each semester, his course work and other duties constituted a full teaching load, equal to or exceeding 12 credit hours. We found no material problems with this professor's teaching load or travel reimbursements.

Certification of Chief of Campus Police

We reviewed the personnel file and personnel documents of the chief of campus police to determine if he was properly certified when hired. We also interviewed an official of the South Carolina Criminal Justice Academy (CJA) regarding certification of the chief of campus police.

The job posting for the chief's position advertised by SCSU in October 1988 required certification in accordance with §23-23-40 of the South Carolina Code of Laws. This section did not require certification as chief upon being hired but rather within one year of employment.

The chief was hired April 17, 1989, and completed the required training for certification on June 29, 1989, approximately two and one-half months after employment. In addition, although not required to comply with training requirements, the CJA recommended that the chief complete a basic law enforcement course. The chief completed this course on June 14, 1991. We found no material problems with certification of the chief of campus police.

Payment to Former Employee

One of our objectives was to determine the propriety of paying the former vice president for business and finance \$28,000 in connection with his resignation. We reviewed the employee's personnel file and available reports concerning the resignation and interviewed officials of the university.

We found that the employee had a 12-month employment contract (due to end on June 30, 1990) at the time of his separation from the university in February 1990. Due to concerns relating to a potential conflict involving the employee's university employment and private business interests, the university negotiated an agreement and settlement with the employee. Under the agreement, the employee resigned and the university paid him approximately \$28,000, which was the balance of his salary under his employment contract.

No formal charges had been filed against the employee at the time of his resignation. However, a complaint was filed with the State Ethics Commission by the Orangeburg County solicitor in March 1991 (approximately one year after the employee resigned). The commission publicly reprimanded this employee in September 1991 (more than one and one-half years after the employee resigned). No criminal charges were pursued by the county solicitor.

Based on attorney general opinions dated April 3, 1989, and October 10, 1985, we found that it is permissible to use public funds in payment of a good faith settlement of a legal dispute between a public employer and employee. We found that it is also permissible for a state institution to "buy out" an employment contract upon involuntary termination of the employee.

Based on our review, we found no evidence of impropriety on the part of the university in entering into the settlement with this employee.

Employment Applications

One of our objectives was to determine if two current employees provided false information to the university on their employment applications. To verify this information, we reviewed college transcripts and contacted a previous employer. We found no evidence of falsified information in either case.

Campus Police

We examined several issues related to the campus police department. Discussion of these areas follow.

Response Time of Campus Police

The university police department does not have an adequate system for documenting the time it takes to respond to individuals needing police assistance.

Assistance provided by police includes providing employee escorts to banks, responding to security alarms, assisting motorists, and investigating crimes such as larceny, assault and battery, and various minor incidents.

For April 1993, we reviewed dispatcher's logs, complaint sheets, and incident reports which document calls for assistance and the dispatch of officers. We excluded administrative type functions such as bank escorts and investigations of maintenance problems not related to public safety. We found documentation of 199 instances in which individuals needed police assistance.

Officer response time could be documented for only 51 (26%) of the 199 instances.

The Medical University of South Carolina/College of Charleston Department of Public Safety has a dispatcher's log which is designed to document the time a call is dispatched, the arrival time of the officers, the time that the assignment is completed, the unit and officer that responded to the call, the location and nature of the call, and disposition/remarks concerning any follow-up.

Without response time data, there is insufficient information for measuring the department's performance.

Recommendation

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- 35 The South Carolina State University campus police department should ensure that all requests for assistance are documented by its dispatcher in a consistent manner by which the response time of officers can be determined.

Campus Patrol

One of our audit objectives was to determine whether the SCSU police department adequately patrols the campus of the university. The university police department did not have a clear and up-to-date policy regarding the patrolling of the campus by its officers.

The police department did not have a current written policy on campus patrol at the time of our review in August 1993. The most recent policy was dated 1991-92. This policy required officers to make periodic checks of buildings in four sectors during each of the following three shifts:

- 8 a.m.—4 p.m. officers in sectors 1-3 were required to “make periodic checks of interior” of the buildings in their areas.
- 4 p.m.—12 a.m. officers in sectors 1-3 were required to monitor crowds gathering in and around the buildings in their areas.
- 12 a.m.—8 a.m. officers in all four sectors were required to “check and secure all buildings.”

For the earlier shifts (8 a.m.—4 p.m. and 4 p.m.—12 a.m.), there was no written policy for sector 4, which includes an off-campus dormitory.

We received a September 14, 1993, memorandum from a police department official which may not be consistent with the 1991-92 patrol policy. This memorandum stated:

We do not physically check buildings until after 2200 hours [10 p.m.], because most of the buildings are occupied until 2200 hours [10 p.m.]. Officers do make rounds through all buildings during the 0800-2200 hours [8 a.m.—10 p.m.].

The 0000-0800 [12 a.m.—8 a.m.] shift will physically check most of the buildings during their tour of duty, when there are no activities on campus. The sector outline of duties was set up if we had officers to cover all four (4) sectors outlined, and each officer would be responsible for checking the buildings in his assigned sector. We currently do not have officers to cover all four (4) sectors on campus.

Without a clear policy, we were unable to determine which buildings were required to be patrolled during specific shifts.

In addition, police records which showed when buildings were patrolled did not state whether the officers entered the buildings or consistently indicate what section of the buildings were checked. As a result, we could not document whether the campus was adequately patrolled.

Location of Police Headquarters

We found that the headquarters of the campus police department were located on the north perimeter of the university. The dispatcher's office is located in the Crawford-Zimmerman Complex, closer than the police department to the center of campus. We were unable to determine whether the physical location of the campus police department negatively impacted the department's effectiveness to fulfill the duties and obligations of the department.

We found no standards for the physical location of a campus police department.

Recommendation

- 36 South Carolina State University should adopt a written policy regarding patrolling the campus by its police officers. This policy should specifically indicate, by shift, the buildings and other areas that officers are required to patrol. The university should also ensure that records are maintained which state the specific locations which have been patrolled by officers.

Confiscated Property

The SCSU campus police department has inadequate controls for keeping track of confiscated and recovered property. Confiscated and recovered property includes liquor and beer, guns, knives, drugs and electronic equipment.

On July 21 and 22, 1993, we found 93 items in the custody of campus police; however, the department could not provide an inventory list of these items. Fifty-seven (61%) of the 93 items were not tagged to indicate when and where they were obtained.

In addition, we reviewed all incident reports from July 1992 through June 1993, and determined that 23 items had been placed into police custody. Six items, including a compact disc player, could not be located in the evidence room nor could a receipt be found regarding their disposition.

Without an inventory list, accurate checks of inventory cannot be conducted to determine whether items have been lost or stolen.

Recommendations

- 37 All property that is confiscated or recovered by South Carolina State University police should be immediately tagged and recorded in an evidence log. There should be receipts for all property which is no longer in police custody.
- 38 The campus police should conduct regular, periodic checks of confiscated inventory to determine if items have been lost or stolen.

Accounting for Parking Tickets

The university does not have an adequate system for collecting and accounting for parking fines.

We identified 12,717 parking tickets issued by the university in calendar year 1992 equal to at least \$127,170 in fines. The police department voided or reduced 1,293 (10%) of these tickets, leaving a net amount issued of \$114,533. It is university policy to double fines which are unpaid after five days.

The university was not able to provide adequate documentation to show what portion of the \$114,533 in tickets issued in 1992 had been paid. Officials of the university provided us with a printout which indicated that, as of September 9, 1993, approximately \$11,000 had been paid, but they informed us that the total may understate actual payments. A separate printout showed that total payments received in 1992, which may include payments for tickets issued in prior years, were approximately \$43,000.

The university's system for collecting parking fines is not adequate for the following reasons:

- Tickets not placed on accounts receivable.

The university does not put all tickets due on its accounts receivable system. Of the \$114,533 in tickets issued in 1992, only \$12,234 (11%) had been placed on accounts receivable as of September 9, 1993.

In addition, we found parking tickets written for faculty and staff, dating back to 1990 and totaling over \$5,600, which the university had not placed on accounts receivable.

When all debts are not entered into the accounts receivable system, university accounting records are incomplete, and the university is unable to track the payment of outstanding debts.

- Timeliness of recording tickets.

Those tickets which are placed on the accounts receivable system are not done so in a timely manner. In a sample of 100 tickets written in January 1993, we found that 63 had been placed on the accounts receivable system as of September 9, 1993. An average of 72 days passed before the 63 tickets were placed on the accounts receivable system.

When tickets are not placed on the accounts receivable system in a timely manner, the risk of individuals graduating, or otherwise leaving the university without having paid, is increased.

- Unpaid fines not increased.

Although information printed on the parking ticket states that parking fines double after the fifth school day, violations are currently entered on the accounts receivable system at their face amount. The university's campus parking policy manual also states tickets will double after the fifth school day.

When the university does not adhere to or enforce written policies regarding collection of fines, revenue is lost and prompt payment of tickets is not encouraged.

- Tickets voided.

We found that 1,293 tickets, issued in 1992 and worth at least \$12,637, were voided or reduced by employees of the campus police department without adequate controls or management oversight.

There are no written guidelines for voiding tickets. Although the university has a standard appeals form, which serves as documentation to justify the voiding of tickets, the campus police department has not maintained the forms. In addition, in a limited review of tickets entered in the university's ticket log during 1992, we identified 11 separate employees of the police department who voided tickets.

Without formal guidelines for voiding tickets, or limitations on who can void tickets, there is an increased risk of tickets being voided without proper justification.

Recommendations

-
- 39 South Carolina State University should enter all outstanding parking violations on the university's accounts receivable system in a timely manner and at the amount due.
 - 40 South Carolina State University should establish and adhere to written policies for voiding parking tickets and reducing fines. These policies should specify who has the authority to void or reduce tickets, the reasons and amounts for which tickets may be voided or reduced, and should require that documentation of the process is maintained.

Appendices

South Carolina Attorney General's Opinion

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3970
FACSIMILE: 803-253-6283

May 21, 1993

George L. Schroeder, Director
Legislative Audit Council
400 Gervais Street
Columbia, South Carolina 29201

Dear Mr. Schroeder:

You have advised that during an ongoing audit of a state university, several questions have arisen relating to the expenditure of funds by the institution. The funds in question are derived from laundromats and vending machines (dispensing sodas and snacks) located in several places on the university campus. You have asked our opinion on several questions, each of which will be addressed separately, as follows:

Question 1

Do funds derived from university campus laundromats and vending machines fall within the purview of part of \$129.13 of the current state appropriations act (Act No. 501, Part I, \$129.13, 1992 Acts and Joint Resolutions) and similar provisions in earlier acts?

The referenced portion of \$129.13 about which you inquire provides in relevant part:

Notwithstanding other provisions of this act, funds at State Institutions of Higher Learning derived wholly from athletic or other student contests, from the activities of student organizations, and from the operations of canteens and bookstores,...may be retained at the institution and expended by the respective institutions only in accord with policies established by the institution's Board of Trustees. Such funds shall be audited annually by the State but the provisions of this Act concerning unclassified

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George L. Schroeder, Director
Page 2
May 21, 1993

personnel compensation, travel, equipment purchases and other purchasing regulations shall not apply to the use of these funds.

In interpreting an act of the legislature, the primary objective of both the courts and this office is to determine and effectuate the legislative intent if at all possible. Bankers Trust of South Carolina v. Bruce, 275 S.C. 35, 267 S.E.2d 424 (1980). A statute should be given a reasonable and practical construction consistent with the policy or purpose of the statute. Hay v. South Carolina Tax Commission, 273 S.C. 269, 255 S.E.2d 837 (1979). The literal meaning of a statute may be rejected if such will permit the intent of the legislature to prevail. Caughman v. Columbia Y.M.C.A., 212 S.C. 337, 47 S.E.2d 788 (1948).

Applying these rules of statutory construction to §129.13, we believe that the spirit, if not the letter, of the law would be carried out if proceeds from laundromats and vending machines located on the campus of a state university were included as funds subject to §129.13. While the literal language might suggest otherwise, revenues generated from laundromats and vending machines seem sufficiently similar to revenues generated by operation of canteens and bookstores to treat them in similar fashion. It would be most difficult to draft a proviso which would list all possible, similar sources of revenue which should be treated similarly to bookstore or canteen revenue, revenue derived from athletic or other student contests, and the like.

Therefore, in our opinion, revenues derived from laundromats and vending machines located on a state university campus would fall within the purview of §129.13 of the current state appropriations act.

Question 2

If funds from university campus laundromats and vending machines do not fall under the foregoing language of §129.13, what limitations would apply to their expenditure?

Because the response to Question 1 is that such revenues would fall within §129.13, it is unnecessary to respond to this question.

Question 3

Section 129.13 provides that funds derived from operations such as canteens may be expended "only in

George L. Schroeder, Director
Page 3
May 21, 1993

accord with policies established by the institution's Board of Trustees." If an institution expends the funds without policies having been established by its board of trustees, could this result in a violation of or noncompliance with any law in addition to §129.13 of the appropriations act?

Expenditure of the specified funds without a policy having been adopted prior thereto could possibly place the institution in violation of S.C. Code Ann. §11-9-10, which provides:

It shall be unlawful for any moneys to be expended for any purpose or activity except that for which it is specifically appropriated,....

Whether this statute may have been violated could be determined only after an analysis of the expenditure and how such was accomplished.

In addition, there may be other statutes or common law principles that may be violated by a particular expenditure made in the absence of a policy. To determine whether such violations have occurred, facts should be developed to show who made the expenditure; who authorized the expenditure; for what the expenditure was made; whether the "public purpose" test was met by the expenditure; whether the board of trustees may have ratified the expenditure after the fact; and so forth.

Question 4

With reference to an opinion issued by our office dated April 4, 1983, which stated that the only restriction on expenditure of funds subject to §129.13 is that they be expended in accordance with policies established by the institution's board of trustees, you have asked whether such expenditures must also meet the "public purpose" test.

This Office has stated on several occasions that funds subject to predecessor provisos identical to those of §129.13 would be considered public funds. In Op. Atty. Gen. No. 85-132, we stated:

"Public funds" are those monies belonging to a government, be it state, county, municipal or other political subdivision, in the hands of a public official. ...Such funds are not necessarily limited to tax moneys....

George L. Schroeder, Director
Page 4
May 21, 1993

A similar question was addressed in an opinion of this Office dated August 10, 1973. Addressing funds derived from athletic contests, student organizations, and the operation of canteens and bookstores of state-supported colleges and universities, Attorney General McLeod concluded that while such funds were not State funds in the sense that they had to be turned over to the State Treasurer, they are nevertheless "public funds" and "are subject to such legislative directives as the General Assembly may provide." While this previous opinion interpreted a predecessor proviso, it is still applicable. Thus, athletic, bookstore, or canteen funds generated by state-supported colleges and universities would be considered "public funds" and must be expended in a manner consistent with state law.

One restriction or requirement of state law that must be taken into account is that every expenditure of public funds must directly promote a public purpose. Mims v. McNair, 252 S.C.64, 165 S.E.2d 355 (1969). This restriction or requirement thus is in addition to the requirement in §129.13 that these funds be expended in accordance with policies established by an institution's board of trustees. Thus, to the extent that the opinion of April 4, 1983, is inconsistent with today's opinion, today's opinion will be deemed to be controlling. (Whether a particular expenditure would meet the "public purpose" test would be a question of fact outside the scope of an opinion of this Office. See Ops. Atty. Gen. dated January 8, 1991 and August 7, 1991, among others.)

Question 5

Can funds identified in §129.13 be transferred (given) to a private non-profit foundation (as a gift rather than payment for goods and services)? You cite to several opinions of our Office which would indicate that such payments would be unlawful without express statutory authority.

As discussed previously, the funds identified in §129.13 would be considered public funds. The opinion of this Office dated August 10, 1973 states that there must be specific statutory authority to loan public monies; that opinion found no such authority for a university to loan §129.13-type funds to an eleemosynary corporation affiliated with the university. Similarly, the opinion of April 26, 1983 provides that §129.13-type funds must be expended in accordance with the policies established by the institution's board of trustees and in

George L. Schroeder, Director
Page 5
May 21, 1993

accordance with constitutional and statutory provisions; that opinion found no constitutional or statutory authority for a state agency to give public funds to a private foundation or other corporation or individual except in payment for goods and services. These opinions appear to be dispositive of your question.

Question 6

- (A) Would the following types of expenditures be valid expenditures of funds under §129.13 (either with or without a board of trustees' policy providing for these expenditures)?
- (B) Would the following types of expenditures meet the public purpose test of the State Constitution?
 1. Compensation for personal property stolen from university students and guests of the university.
 2. Food for Christmas parties for university employees.
 3. Christmas bonuses for university employees.
 4. Retirement gifts for university employees.
 5. Retirement parties for university employees.
 6. Food for parties for university seniors.
 7. Food for receptions for alumni.

In any event, §129.13 requires that an expenditure of funds under §129.13 be made only in accordance with policies established by the institution's board of trustees. That language is clear and unambiguous and thus must be applied literally. Henderson v. Evans, 268 S.C. 127, 232 S.E.2d 331 (1977). It would be preferable for the policies to have been made prior to the expenditure; if the board of trustees ratified an expenditure after the fact, perhaps in a given instance that might be sufficient. The facts of a particular expenditure would require examination to validate the particular expenditure if a policy were not adopted prior to the expenditure.

Whether a particular expenditure meets the public purpose test as enunciated by the courts of this State becomes a question

George L. Schroeder, Director
Page 6
May 21, 1993

of fact. Because this Office is authorized to provide legal advice but not to decide questions of fact, we must respectfully defer to the appropriate trier of fact in that regard. Op. Atty. Gen. dated December 12, 1983. We would offer the following observations for your guidance.

The public purpose test used by our courts is found in decisions such as Anderson v. Baehr, 265 S.C. 153, 162, 217 S.E.2d 43 (1975):

As a general rule a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants or residents, or at least a substantial part thereof. Legislation does not have to benefit all of the people in order to serve a public purpose...

As related to a university, it might be said that an expenditure would be required to promote the public health, safety, morals, general welfare, etc. of all of the inhabitants of the university, or at least a substantial part thereof. In a similar circumstance, this Office has advised that jail canteen profits should not be used for individual inmate benefits, but using such profits for the benefit of the entire inmate population could probably be authorized. Op. Atty. Gen. dated June 1, 1992. An opinion dated May 22, 1989, advised against using public funds for picnics and social events for county employees and members of county council. An opinion dated March 29, 1984 noted the remote benefit to the public accruing should public funds be used to give a reception to honor a public employee (i.e., a retiring public employee).

Considering the foregoing and without making the necessary finding of fact, we observe that compensation for personal property stolen from university students and guests of the university would appear to benefit only the involved individual, rather than all or a substantial part of the university inhabitants. Food for Christmas parties for university employees might well be in the same category of public fund expenditures discussed in the opinions dated June 1, 1992 and May 22, 1989. Christmas bonuses for university employees might be viewed as individual in nature; if the employee is unclassified, the express terms of \$129.13 might permit the expenditure. As to retirement gifts, perhaps \$129.35 (last paragraph) might permit such an expenditure; it could be argued that, by analogy the General Assembly has authorized such an expenditure of public funds for other state agencies, to the specified limits. The opinion of March 29, 1984 speaks to the use of public funds for

George L. Schroeder, Director
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May 21, 1993

retirement parties, but \$129.35 of the 1992-93 appropriates act should also be considered. Food for parties for alumni and university seniors might or might not be considered permissible, depending on the facts of the situation. (A single party might be viewed as permissible, whereas a weekly party during the year for seniors might not, for example.)

Because we do not have sufficient facts to be able to draw a legal conclusion, we hope that the foregoing observations and the opinions (copies of which your attorney also has) will offer as much guidance as is possible under the circumstances.

We trust the foregoing has satisfactorily responded to your inquiry. Please advise if additional assistance should be needed.

With kindest regards, I am

Sincerely,

Patricia D. Petway

Patricia D. Petway
Assistant Attorney General

PDP:kws

Reviewed and Approved By:

Robert D. Cook

Robert D. Cook
Executive Assistant for Opinions

Academic Disciplinary Actions

The university has two different suspension and probation policies in effect. Students who have had continuous enrollment beginning before August 1991 are governed by one set of standards. All other students are governed by higher standards instituted in August 1991. These standards are summarized below.

Table B.1: Continuous Enrollment Beginning Before August 1991

Credit Hours Attempted	Good Standing	Probation	Failure Status	Suspension
3-39	GPA = 1.3 +	GPA = 1.2 - 1.299	GPA < 1.2	Probation for 3 semesters; or failure status for 2 semesters; or less than 3 credit hours earned in one semester; or less than 15 credit hours or 50% of hours attempted earned during 12-month period after entrance.
40-69	GPA = 1.4 +	GPA = 1.3 - 1.399	GPA < 1.3	
70-99	GPA = 1.6 +	GPA = 1.5 - 1.599	GPA < 1.5	
100 +	GPA = 1.8 +	GPA = 1.7 - 1.799	GPA < 1.7	
Graduation	GPA = 2.0 +	•	•	

Source: South Carolina State University documents.

Appendix B
Academic Disciplinary Actions

Table B.2: Continuous Enrollment On or After August 1991

Credit Hours Attempted	Good Standing	Probation	Failure Status	Suspension
3-39	GPA = 1.59 +	GPA = 1.4 - 1.58	No longer exists	GPA < 1.4
40-59	GPA = 1.89 +	GPA = 1.6 - 1.88		GPA < 1.6
60-99	GPA = 1.99 +	GPA = 1.9 - 1.98		GPA < 1.9
100 +	GPA = 2.0 +	•		GPA < 2.0
Graduation	GPA = 2.0 +	•		•
				Probation for 3 semesters; or less than 3 credit hours earned in one semester.

Source: South Carolina State University documents.

Most of the provisions of the two policies are the same. A student is placed on probation if he fails to maintain a minimum GPA. Students on academic probation may remain enrolled in the university but may not take more than 15 credit hours per semester. Students on academic probation are ineligible to hold elective positions or represent the university in any official capacity. If probationary status is not removed after three semesters, a student is suspended. A student is also suspended if a minimum of three semester hours is not earned during any semester or summer session. Students who are suspended may enroll at the university after missing one semester.

However, for those students with continuous enrollment beginning before August 1991, the GPAs required for "good standing" are not as strict. In addition, if a student has a GPA below the probationary level, he is given the status of "failure" but not immediately suspended. A student who has received the status of failure for the first time may continue his studies during the next semester or summer session. Students who receive a failing GPA for the second time are suspended. A student is also suspended if at least 15 hours or 50% of hours attempted are not earned during a 12-month period after entrance.

At the end of the 1992-93 school year, there were 1,265 students with a cumulative GPA less than 2.000. We reviewed a random sample of 174 students to determine if the university gave them the proper academic status for the range in which their cumulative GPAs fell at the end of the fall 1992 semester. Of these 174 students, 58 had continuous enrollment beginning before August 1991 and 116 had continuous enrollment on or after August 1991. We did not review whether the university applied the proper academic status based on the number of semesters a student's GPA fell within a particular range. We also did not review the university's compliance with its policy on minimum credit hours earned during a semester.

The following tables outline the status given to students in our sample and the number for whom the status was not in compliance with university policy.

Table B.3: Analysis of University's Compliance With Academic Status for Students With Continuing Enrollment Beginning Before August 1991

Disciplinary Status	Number of Students for Whom Status Was Required	Status Given by University Officials				Number of Students for Whom Status Was Not in Compliance
		Good Standing	Probation	Failure	Suspension	
Probation	10	4	3	3	0	7
Suspension	10	2	1	3	4	3
Good Standing	38	34	3	1	0	4
Total	58	•	•	•	•	14 (24%)

Source: South Carolina State University documents.

Appendix B
Academic Disciplinary Actions

Table B.4: Analysis of University's Compliance With Academic Status for Students With Continuous Enrollment On or After August 1991

Disciplinary Status	Number of Students for Whom Status Was Required	Status Given by University Officials			Number of Students for Whom Status Was Not in Compliance
		Good Standing	Probation	Suspension	
Probation	15	5	7	3	8
Suspension	39	5	2	32	7
Good Standing	62	52	5	5	10
Total	116	•	•	•	25 (22%)

Source: South Carolina State University documents.

A total of 39 (22%) of the 174 students in Tables B.3 and B.4 were not given the appropriate academic status in compliance with university policy.

Agency Comments

Appendix C
Agency Comments



South Carolina State University

300 College Street Northeast
ORANGEBURG, SOUTH CAROLINA 29117
(803) 536-7013 / 7014

OFFICE OF
THE PRESIDENT

January 17, 1994

FAX: (803) 533-3622

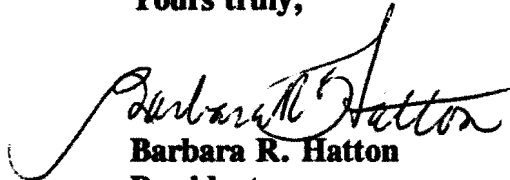
**Mr. George L. Schroeder, Director
Legislative Audit Council
400 Gervais Street
Columbia, South Carolina 29201**

Dear Mr. Schroeder:

I've reviewed the final draft of the Legislative Audit Council's report entitled, "A Management Review of South Carolina State University." Enclosed is the University's response. If you have any questions or require further information, members of our staff will make every effort to be of assistance.

As I have said to you and to members of your staff, I commend the professionalism of the audit team. The review has been constructive for the most part and the professional conduct of the staff contributed greatly to that effect. I am sure that we will all benefit from their attention to the management performance of the University.

Yours truly,



**Barbara R. Hatton
President.**

BRH: db

Enclosure

B:LACLTR

RESPONSE TO THE REPORT "A MANAGEMENT REVIEW OF SOUTH CAROLINA STATE UNIVERSITY"

South Carolina State University has reviewed the final draft of the Legislative Audit Council's report entitled, "A Management Review of South Carolina State University." The University is fully prepared to respond positively to many of the recommendations of the Council. In a few cases, the University disagrees with the Council on the appropriateness of a recommendation. In other instances, the report fails to acknowledge recent steps that have been taken. These disagreements and omissions are stated in the response to each chapter.

Response to the Executive Summary

In response to the Executive Summary, the University comments that while the audit was generally an examination of the decisions and practices of the previous president, the report does include selective comments about the continued existence of selected conditions in the current administration. Therefore, we believe the report should have also included notation of those recent steps that have been taken to improve management practices in the areas that were the focus of this review. Among its findings, the report generally omits mention of corrective action taken in 1993.

Response to Chapter 1: Introduction and Background

With only a few minor exceptions, the University accepts both the methodology and the standards used by the Council in making this management review. With regard to the scope of the review, however, the University did not agree with the Council on the appropriateness of two audit objectives because they addressed matters that had been the focus of a previous review. Those two items were: (1) to determine whether the university recouped the cost of a private wedding reception held at the president's on-campus home; and (2) to determine the propriety of paying a former university official \$28,000 upon his resignation. Ultimately, the University's disagreement is borne out since the Board of Trustees' actions in these two areas have been sustained by the findings reported in Chapter 2.

Response to Chapter 2: Management of Business and Finance

The University agrees that there is a need to improve debt collection, inventory control, and record keeping procedures. Indeed, the University has already begun to change debt collection procedures with regard to student tuition and fees through new enforcement directives this year.

Debts owed to the University. The Council has made three recommendations in this area. We accept the recommendations regarding enforcement of the policy that students must pay old balances before registration and regarding the implementation of policies to ensure timely payment of funds owed. In fact, as of Fall, 1993, the University has issued notices to students that its policy regarding payment of old balances will be enforced. However, the University respectfully disagrees with the Council's recommendation that it discontinue allowing students to sign promissory notes to defer the payment of student fees and charges. It should be noted that this a long-standing practice at the University, originally established and still needed to accommodate students whose economic circumstances warrant this arrangement. The University will address the need to improve the management procedures through which an approved policy is implemented rather than not have this arrangement available for worthy students. The University will take immediate steps to comply with state law in the implementation of a deferred payment policy.

Food Prepared and Sold by SCSU for Private Events. The University accepts the recommendation in this area.

Returned checks. The University concurs in the need to take action as indicated in this recommendation.

Expenditure of public funds. As of February, 1993, the Board of Trustees approved a policy permitting the expenditure of laundromat and vending machine revenues at the discretion of management. In considering future expenditures from this fund, the University will be guided by the Attorney General opinions that have been cited in this report by the Council.

Private organizations associated with the University. The University will develop an appropriate written contract with the South Carolina State University Foundation for the use of South Carolina State University personnel, computer systems, and office space.

Equipment Inventory. The University accepts these recommendations.

Ticket sales for athletic events. The University has taken initial steps to implement these recommendations through more stringent administrative oversight of this operation.

Response to Chapter 3: Academic Administration

In all Universities, deviations from admissions requirements are made. South Carolina State University's admissions practices are being reformulated to clearly require documentation and a written record of all decisions and any such deviations from stated policy in student admissions and in the awarding of student scholarships.

Steps have already been taken to fully comply with the current academic disciplinary policy. However, the University will consider significant changes in that policy in the Spring of 1994.

The University accepts the recommendations regarding grade changes.

Response to Chapter 4

During 1993, the University took steps to develop and enforce new personnel management practices related to both dual, temporary and initial employment. Copies of the relevant administrative directives are attached. Other recommendations of the Council will be acted upon as soon as practicable.

Response to Chapter 5

The University accepts these recommendations.



South Carolina State University

300 College Street Northeast
ORANGEBURG, SOUTH CAROLINA 29117
(803) 536-7013 / 7014

OFFICE OF
THE PRESIDENT

FAX: (803) 533-3622

TO: All Vice Presidents, Deans, Chairpersons, Directors and other Supervisory Personnel

FROM: Barbara R. Hatton
President

RE: ADMINISTRATIVE DIRECTIVE #2

DATE: April 9, 1993

Effective immediately, all recommendations for employment, suspension, or dismissal of University personnel must be approved by the President or the President's designee prior to the issuance of a notice of disciplinary action or an offer of employment to the individual. Such recommendations must be in the form of a letter and must be submitted through the unit head.

A copy of the resume or vita of the candidate, a narrative on the selection process and qualifications of the candidate for the position, and other pertinent information must accompany the recommendation for employment.

Recommendations for dismissal or suspension must also include a description of the misconduct or the incident upon which the recommended disciplinary action is based. It must outline the facts of the matter and the rule, law or policy violated by the employee. The reasons for disciplinary action must be clearly and succinctly stated in the recommendation with all documents pertinent to the recommended action attached.

Neither offers of employment nor disciplinary action will be effective unless the recommendation has been approved by the President or the President's designee. Any disciplinary action taken or offers of employment extended without the necessary review and approval(s) will be rescinded and may result in the appropriate disciplinary action. Administrators may also be held personally liable for employment agreements and other contractual arrangements entered into without the necessary authorization(s).

Attached for your review are the forms that must be utilized for notification of disciplinary action. Attachments A & B are the Notice of Suspension and Dismissal forms that are forwarded to the employee by the divisional vice president after approval of the disciplinary action by the President of the University or her designee. Attachments C & D are form recommendation letters provided for your information.

Do not hesitate to contact my office if you have any additional questions or concerns about this process.



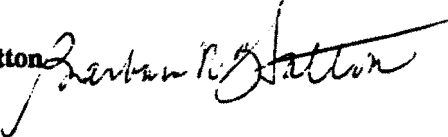
South Carolina State University

300 College Street Northeast
ORANGEBURG, SOUTH CAROLINA 29117
(803) 536-7013 / 7014

OFFICE OF THE PRESIDENT

FAX: (803) 533-3622

TO: All Vice Presidents, Deans, Chairpersons, Directors and other Supervisory Personnel

FROM: Barbara R. Hatton 
President

RE: ADMINISTRATIVE DIRECTIVE #2 - CORRECTED AND CLARIFIED

DATE: November 3, 1993

Effective immediately, all recommendations for employment, suspension, or dismissal of University personnel must be approved by the President prior to the issuance of a notice of disciplinary action or an offer of employment to the individual. Such recommendations must be in the form of a letter and must be submitted through the unit head.

A copy of the resume or vita of the candidate, a narrative on the selection process and qualifications of the candidate for the position, and other pertinent information must accompany the recommendation for employment.

Recommendations for dismissal or suspension must also include a description of the misconduct or the incident upon which the recommended disciplinary action is based. It must outline the facts of the matter and the rule, law or policy violated by the employee. The reasons for disciplinary action must be clearly and succinctly stated in the recommendation with all documents pertinent to the recommended action attached.

Neither offers of employment nor disciplinary action will be effective unless the recommendation has been approved by the President. In the case of employment, it is also required that a contract, authorized and signed by the President, be executed before the prospective employee can report for duty. Any disciplinary action taken or offers of employment extended without the necessary review and approval(s) will be rescinded and may result in the appropriate disciplinary action. Administrators may also be held personally liable for employment agreements and other contractual arrangements entered into without the necessary authorization(s).

Attached for your review are the forms that must be utilized for notification of disciplinary action. Attachments A & B are the Notice of Suspension and Dismissal forms that are forwarded to the employee by the divisional vice president after approval of the disciplinary action by the President of the University or her designee. Attachments C & D are form recommendation letters provided for your information. In the cases of employment and dismissal (or other forms of employee separation from the University) of unclassified employees, Vice Presidents are required to complete a P-17 forms (attached) and to submit it along with other appropriate documents containing the President's approval to the Vice-Provost for Academic Affairs.

Do not hesitate to contact my office if you have any additional questions or concerns about this process.



South Carolina State University

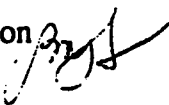
300 College Street Northeast
ORANGEBURG, SOUTH CAROLINA 29117
(803) 536-7013 / 7014

OFFICE OF
THE PRESIDENT

MEMORANDUM

FAX: (803) 533-3622

TO: All Vice Presidents, Deans, Chairpersons and Directors

FROM: Barbara R. Hatton 
President

RE: **ADMINISTRATIVE DIRECTIVE #3: Utilization of Temporary Personnel and Individuals on Dual Employment**

DATE: June 30, 1993

Due to continuing budgetary constraints, it is necessary for the University to evaluate the use of its personnel resources. The first step in this process is a re-evaluation of the University's use of temporary personnel and dual employment payments.

Effective immediately, utilization of temporary positions and dual employment payments must be authorized by the President before any position may be filled or renewed. South Carolina State University employs individuals on a temporary basis to perform specific short term projects. All individuals occupying temporary positions affected by this directive must be notified that the positions they occupy may not be continued past the June 30 expiration date. This directive applies to all temporary positions, temporary positions filled with student personnel (P-13S), and all requests for dual employment. The need for temporary positions and dual employment must be sufficiently documented in your 1993-94 budget requests.

A. Temporary Positions

In order to hire or renew temporary positions, you must submit a request to employ temporary personnel. Requests to employ temporary personnel must follow the established approval process with final submission to the President for approval no later than July 15, 1993. Each request to employ temporary personnel or renew a temporary position must be accompanied by a memorandum justifying the need for the temporary position. This memorandum must contain the following information: (1) the number of positions within the department; (2) the number of temporary positions within the department; (3) a brief description of the duties performed by these temporary positions; (4) the cost of temporary personnel utilized by your department and the percentage of departmental budget that this figure represents.



All Vice Presidents, Deans, Chairpersons and Directors
**ADMINISTRATIVE DIRECTIVE #3: Utilization of Temporary Personnel and Individuals
on Dual Employment**

Page 2

June 30, 1993

B. Dual Employment

Similarly, dual employment requests must be submitted for approval to the President through the unit head. Each request for authorization must contain the following information: (1) brief description of the duties to be performed; (2) costs (total compensation to be paid); and (3) an explanation as to why dual employment request is necessary.

Please be reminded that all requests to employ personnel must be approved, in advance, before any positions are filled or any offers of employment made. (See Administrative Directive #2). Any positions filled without the prior written authorization of the President or authorized designee shall be null and void. Such action shall also constitute grounds for disciplinary action, up to and including, dismissal from employment.

Attached is a copy of the Temporary/Dual Employment Budget Request form. Please submit this form with your Fiscal Year 1993-94 budget requests.

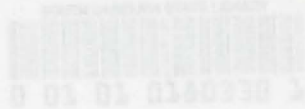
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Attachment

The Direct Line □□□□

**The South Carolina
Legislative Audit Council**
*Your Direct Line to
State Government
Performance Review*



Legislative Audit Council
400 Gervais Street
Columbia, SC 29201
(803) 253-7612



All Vice Presidents, Deans, Chairpersons and Directors
**ADMINISTRATIVE DIRECTIVE #3: Utilization of Temporary Personnel and Individuals
on Dual Employment**
Page 2
June 30, 1993

B. I

Similarly, dual employment requests must be submitted through the unit head. Each request for:
(1) brief description of the duties to be performed;
(3) an explanation as to why dual employment is necessary.

Please be reminded that all requests must be submitted before any positions are filled or any offer is accepted (#2). Any positions filled without the prior approval of the designee shall be null and void. Such action will result in and including, disqualification from employment.

Attached is a copy of the Temporary Employment Request Form. Submit this form with your Fiscal Year 1994 budget request.

/cmcp
Attachment

When you need information about state government performance, call the Legislative Audit Council.

The Legislative Audit Council . . .

- ☐ ☐ ☐ Provides reports to the South Carolina General Assembly which may answer your questions about many state government issues.
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